



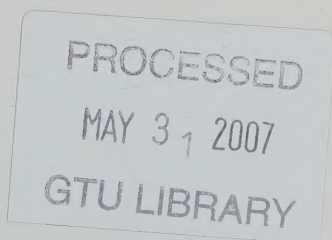
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# **SUBALTERNS AND ETHICAL AUDITING**

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**Edited by  
Felix Wilfred**



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A JOURNAL FOR SOCIO-RELIGIOUS RESEARCH

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## Subalterns and Ethical Auditing

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## CONTENTS

	Page
Editorial	3
Subalterns and Ethical Auditing	5
<i>Felix Wilfred</i>	
Participatory Gender Auditing Implications for the Church	24
<i>Pushpa Joseph</i>	
Sustainability - A Societal and Intercultural Task Beyond Corporate Rating	38
<i>Johannes Hoffmann</i>	
Information Technology and Ethical Auditing	54
<i>Anthony Sebastian</i>	
'Auditing' Utilitarianism From a Subaltern Perspective	69
<i>Gnana Patrick</i>	



## Editorial

Technology and science have not solved the societal problem of graft and corruption. Ironically, even with the penetration of modernity and rationality, these have not come to cease; on the contrary, have grown in an unprecedented scale. Corruption at high places and in small places has become the order of the day. Companies and corporates of private sector care to project a clean image of themselves, contrasting it with the condition of the state and public enterprises. But we learn how graft and corruption are thriving with globalisation and market. As is well-known, economic interests and political vested interests are in collusion in this matter.

Is there a way out? Whether human governance or economic activities, institutions or organization, they all should come under the gaze of the public eye. This is the quintessence of ethical auditing. In particular the subalterns as the victims of the present order and as those at the margins of the society will play an important role of monitoring whether state, institutions, companies and organizations act without discrimination and on the basis of equity. Ethical conduct by these various bodies is the sure guarantee that the cause of the subalterns are defended and upheld. Any slack in this matter affect the subalterns very adversely and cause serious consequences.

When officials and authorities, industries and companies have things to hide and withhold information from the public, it is a very bad sign. Secrecy is the weapon of the powerful. They keep people in ignorance to control them and exploit them. The poor, on the contrary, have little to hide; their way of life has a public character. The way to ensure probity and fairness in public life and in economic dealings is to make available informations. The state and bureaucracy and the various companies, religious organizations and educational institutions

are ethically bound to provide all information, and the people have a right to demand for information. The failure to act ethically in this way should have legal sanction. The Right to Information Act of 2005 came as a shot in the arm for the subalterns and the general public to hold in check powers and authorities.

The present issue of *Jeevadhara* delves on various aspects of the ethical auditing from a subaltern perspective. These reflections are in a way foundational. They serve to provide greater conceptual clarity and inspiration for the practice of ethical auditing, and help the subalterns to be constantly watchful.

Except one contribution, the other articles were prepared by the teaching faculty of the Department of Christian Studies, University of Madras. As a team we have been thinking together and reflecting on this question for quite some time. I wish to thank my colleagues, Dr Gnana Patrick, Dr Pushpa Joseph and Dr Anthony Sebastian for their contributions. A special word of thanks to my friend Dr Johannes Hoffmann of the University of Frankfurt for writing his contribution exclusively for this number of *Jeevadhara*. Finally, I wish to express my appreciation and thanks to Ms Remy Joseph of the Department of Christian Studies, for her excellent secretarial assistance.

It is my hope that this issue will help also the practice of ethical auditing in the Church and Church-related institutions, and serve as a stimulus to theologians to make their theological task socially and ethically accountable to the broader public.

School of Philosophy and  
Religious Thought  
University of Madras

**Felix Wilfred**



# Subalterns and Ethical Auditing

Felix Wilfred

In this article the author states that ethical auditing should begin by unmasking the cover-ups by the upper castes and classes. These include hypocritical silence on caste, concealment of equity and hiding of knowledge. The second part of the article goes into some of the presuppositions and enabling conditions for ethical auditing. In this context the author discusses that ethical auditing can take place effectively through subaltern demands. One such important demand is the right to information from the state, bureaucracy and from the private enterprises. Civil society and social movements are crucial in creating awareness about ethical auditing and building up pressure. In the light of all this, the author reflects briefly also on the Church and Church-related institutions, which could set a good example by submitting themselves to ethical auditing.

An eight-year-old little girl from a slum in Bangalore, adjacent to luxurious apartments, steps out early in the morning to answer nature's call. Fourteen dogs pounce upon her and bite her to death.<sup>1</sup> The poor in this country have no self-contained bathrooms, nor land of their own for such elementary needs. Tragic and shocking as the incident is, it is disquieting for all those who are concerned about what is happening to this country. Day in and day out we hear the trumpeting of the phenomenal economic growth, the scientific feats, new IT corridors and parks, industrial estates and so on. The media portrays with gusto flimsy details about the glamour of Bollywood and Kollywood stars and cricket-heroes, models and beauties. And yet the subalterns - the poor, the Dalits, the tribals and women - are becoming more and more insecure. Men and women from the poorest

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1      Reported in *Dinamani* [Tamil Daily] , January 6, 2007, p.10

sections migrate from Bihar to Assam just for survival and they eke out their existence as coolies and unskilled labourers, but they are gunned down brutally by ethnic chauvinists.<sup>2</sup> An industrialist wallowing in riches and luxury turns bestial, chops off thirty-eight children after sexually abusing them.<sup>3</sup> They are wrapped up in gunnysacks and buried at the backyard of his home.<sup>4</sup> India has always been a land of contradictions. But the contradictions we are experiencing today should make any thinking Indian hang his head in shame.

There is a collective responsibility. How can we exercise our collective responsibility, so that there is a modicum of justice and fairness to the powerless and most vulnerable sections of the people? At all levels in the public life, there needs to be check and auditing. In the circumstances of today this has become imperative. The strange combination of obscurantist caste and liberal capitalism, and the present model of development push the high castes and classes to the pinnacle of scandalous wealth and throws the subalterns to the bottomless pit of misery. If labour is the source of wealth, it is not explainable how some people in the country could accumulate so much wealth within a lifetime. Looking at a similar situation in his time, an early Christian writer noted that either the man with such riches must be a robber; if

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2 cf. Sushanta Talukdar, "Migrants' Massacre", in *Frontline*, January 26, 2007, pp. 32-35; M.S. Prabhakara, "Assam after the ULFE Strikes." *The Hindu*, (Chennai Edition), January 13, 2007, p.15; *The Hindu*, January 8, 2007, p.14; "No discussion on Sovereignty, says Jaiswal", *Indian Express*, January 8, 2007, p.1; *Sunday Times*, January 7, 2007, p.1; *Deccan Chronicle*, January 11, 2007, p.3; Sanjib Baruah, "Journey To Nowhere", *The Times of India*, January 16, 2007, p.14.

3 What makes the whole thing very disturbing is that almost all these children belong to Dalit community. When complaint was lodged with the police, it was ignored. Cf. *The Hindu*, January 20, 2007, p. 9. It is suspected that there was connivance of the police with the killer.

4 Cf. Ajay Uprety & Payal Saxena, "The Bone Collectors", *The Week*, Vol. 25, No.7, January 14, 2007, p.14-16; Sandeep Unnithan and Shyamlal Yadav, "Butchers of Suburbia", *India Today*, Delhi, January 15, 2007, p.60-66; *The Times of India*, January 1, 2007, p.1; Manas Dasgupta, "Noida Case accused likely to be taken to Delhi today", *The Hindu*, January 11, 2007, p.11; Amita Verma, "Noida 'curse' keeps Mulayam away", *Deccan Chronicle*, January 7, 2007, p.3.



not at least his father!<sup>5</sup> If on the other hand, the earth and its resources belong to all peoples, how to explain that the poor farmers are driven to desperation and suicide because they are in huge debts and do not have the basic minimum for a dignified human life?

Both these situations present the need for a check and auditing, so that there is no undue accumulation of wealth at the cost of the poor and the subalterns, and no lack of basic means to conduct a dignified human life. It is here we realize the paramount importance of ethical auditing as a concrete means for sustaining a society in justice and equity.

### **I: Three Cover-Ups and Their Ethical Unmasking**

Ethical auditing has become complex and very challenging, because the people and institutions that should come under public scrutiny and ethical auditing succeed to cover-up the situation. It requires special efforts to strip it and make people see the reality in all its nakedness. Unmasking of the reality is the first and foundational act of ethical auditing. The awareness that nothing that is of public interest could be concealed and covered up will have a salutary ethical check on all those who thrive by exploiting the subalterns and their labour.

#### **Hypocritical Silence on Caste**

The first cover-up is caste. Nothing seems to move in this country without the engine of caste. And yet, ironically, caste is something on which the elites in the country do not want to talk about, and even more, do not want to be seen talking about. The hypocrisy of the whole matter is that caste is something the elites and upper castes even now observe scrupulously. It is entrenched deep down in the mind-set of the upper castes, notwithstanding all modern developments. Even when they travel abroad, to U.S. or U.K., the upper castes and elites carry under their armpit also their caste – something evidenced by the ingenious ways in which they look for marriage-alliances within the same caste and *gotra*. Modernity with all its IT revolution and with high profile entrepreneurial and managerial mantras has not changed an iota in the frame of mind that is soaked in caste-consciousness. To find what is locked in the minds of the upper

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5 Cf. Charles Avila, *Ownership*. Early Christian Tradition, Orbis Books, New York, 1983.

castes, it may be useful to recall what P.V. Jagadis Aiyar wrote in the early decades of the twentieth century:

The Indian custom of observing distance pollution, etc. has hygienic and sanitary considerations in view. In general the so-called pious and religious people are generally most scrupulously clean and hence contact with people of uncleanly habits is nauseating to them...[P]eople living on unwholesome food such as rotten fish, flesh, garlic, etc. as well as people of filthy and unclean habits throw out of their bodies coarse and unhealthy magnetism. This affects the religious people of pure habits and diet injuriously. So they keep themselves at a safe distance which has been fixed by the sages of old after sufficient experience and experiment.<sup>6</sup>

Like the proverbial cat that has nine lives,<sup>7</sup> caste takes on ever-new avatars which make it difficult to censure and bring it under ethical auditing. Just like its avatars, covering up of castes also takes on many forms. There are high caste people who would enter into abstruse philosophical discourses to show that there is no distinction between the Brahmin and Shudra, since the entire reality is one, and all of us form part of Brahman. The cover-up could take on a devotional tone, when it is said that before God all devotees are the same, and there is no caste-distinction; what matters is the love and devotion with which one approaches the Lord. Stories of Nandanar and Chokamhela are narrated by the upper castes as illustrations to prove the point.

They do not realize that such ideological fig leaves may not succeed to cover up the violence and indignity heaped upon the subalterns, especially the Dalits in this country. After making a detailed study of "*The Untouchables of India*", Robert Deliège notes how there has taken place a lot of change in the way the Dalits view caste, whereas, as for the upper castes are concerned "in effect, little in their basic conception of untouchability seems to have changed. Untouchability

6 As quoted in M.S.S.Pandian, "One Step Outside Modernity. Caste, Identity Politics and Public Sphere" in *Economic and Political Weekly*, May 4, 2002, p. 1737.

7 This is an analogy used in the Mandal Commission Report. See *Reservations for Backward Classes. Mandal Commission Report of the Backward Classes Commission, 1980*, Akalank Publications, Delhi, 1991, 5.4, p.23.

persists, and one might even say that, from a certain point of view, it is thriving in spite of modern ideologies".<sup>8</sup> It is difficult to grasp how some people could derive pleasure and consider themselves pure and superior by making other human being feel impure, inferior and small, as the so-called high castes do. If this is the general ethos, we are in a seriously sick society. The gravity of the matter eludes us because we get used to this kind of reality as everyday experience. This moral illness needs a proper diagnosing and a sustained ethical auditing at all levels.

Modernized upper caste intellectuals prefer, as I noted earlier, to keep silence over caste than attempt to hide it under any ideological cloak. This silence could be explained probably from the fact that caste is considered as the remnant of a pre-modern society, and it is embarrassing to talk about this social reality. To speak of it is not becoming of a modern man, a secular citizen. I have been struck how in the writings of a well-known thinker like Amartya Sen who expatiates on Indian society, there is hardly anything on caste, and much less it is employed by him as an analytical category to interpret the Indian society.<sup>9</sup> Is it not the case of the proverbial ostrich burying its head in the sand and delude itself that the world does not exist?

The silence on caste which the upper castes and their intellectuals observe needs to be broken. Caste should become a matter of public discourse and debate. Curiously, it is the Dalits and other subalterns who are often accused, because they talk of caste loudly. The implication is that talking about it is unethical, anti-secular and not becoming of a modern citizen. What it really hides is the fact that every aspect of life in the nation is managed and controlled by caste-considerations. If the Dalits speak openly and loudly about caste, it is not to reinforce it – far from it. If there is a group that is most affected by caste-consciousness, it is the Dalits. It is they who are the first ones to drive away caste, because they know the oppression, suffering

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8 Robert Delière, *The Untouchables of India*, Berg, Oxford, 1999, p. 199.

9 Even in his latest book on the question of identities, he turns philosophical, and has but one or two cursory and tangential remarks on the social reality of caste. See Amartya Sen, *Identity and Violence. The Illusion of Destiny*, Penguin Books, London, 2006.

10 Cf. Felix Wilfred, *Dalit Empowerment*, NBCLC, Bangalore, 2007.



and humiliation it can cause.<sup>10</sup> The Dalits speak about caste without inhibition, because they want to exorcise this demon. On the other hand, upper castes want to be silent on caste in public and derive all the benefits and power through it.

### Concealment of Equity

Ethical auditing has to take into account a second cover-up, and it relates to the issue of social equity. The growing disparity between the rich and the poor globally and nationally is too evident. Today corporations and multinationals increase their profit manifolds by reducing the multitude to poverty and elevating a few to the heights of riches. Even liberal planners, inspired by a sense of pragmatism, are concerned about this situation, and admit that it is not possible to have a sustainable development with such disparity.

What is strange is the effort to justify and cover up these indefensible disparities. Liberal gurus like John Rawls enter, akin to the traditional elites covering up caste, into abstruse theories and fictitious situations to show that inequality need not mean that it is bad for the disadvantaged. Inequality, according to him, could be permitted as long as it brings advantages to everyone – the rich and the poor. Ultimately, this window-dressing of liberal capitalism is meant to demonstrate that, after all, liberalism is also concerned about justice which is “fairness”.<sup>11</sup> The attempt to conceal and even theoretically justify inequalities is accompanied by the praxis of generous philanthropic works. Think of the philanthropic works in the field of HIV/AIDS promoted by the richest man on the globe – Bill Gates, or McDonald’s campaign for cleanliness and hygiene of the surroundings, or Infosys’ developmental work, or Tata’s adoption of development blocks, and so on. To cap it all, Margaret Thatcher, the mother of liberal capitalism and former prime minister of England, is supposed to have drawn out an important lesson for the world from the parable of the Good Samaritan. The moral of the story is that you should produce wealth. For, how could the Good Samaritan help the person he found on the wayside, if he did not have the money and the means? Curious as it may sound, this seems to be the logic of many liberals on whose aprons hang also our Indian elites and upper castes.

11 Cf. John Rawls, *A Theory of Justice*, Cambridge Mass, 1971; see also Quentin Skinner (ed.), *The Return of Grand Theory in the Human Sciences*, Cambridge University Press, Cambridge, 1997, pp.101-119.

*“Corporate Social Responsibility”* is a fashionable phrase under which the cover-up of equity takes place. It is supposed to be something voluntary by which a company or a corporate self-regulates. The philosophy behind the concept of corporate social responsibility is that a corporate benefits from the society. Therefore, it feels obliged to give back some of its profits by way of beneficial activities to the public and society. The equity question, on the other hand, is a challenging and disquieting one. For, it uncovers the weak foundation on which such fashionable programmes rest. It is a case of impressive façades and frail structures. At bottom, individuals and institutions benefiting from modern market and globalisation at the cost of the subalterns and the poor, want to be enthroned as Good Samaritans by throwing away some pittance.

### **Hiding of Knowledge – Ignorance and Secrecy**

Hiding of knowledge is a third cover-up that makes ethical auditing very challenging. It is an age-old stratagem: If people are kept in ignorance, they can be easily controlled. Therefore, as we know, all dominators have tried to prevent the subjugated people from knowledge and education, from access to information and truth. This is true also of the casteist society which proscribed education to the shudra and the Dalits with strict punishments.

Today people are kept in ignorance about the very things that touch upon their lives and are of immense importance to their safety and survival. Decisions are made over their heads. There is the clan of all-knowing experts who keep the people at bay. For example, Information should be available to people regarding the environment in which they live – one of the principles formulated by 1992 Rio Declaration on Environment and Development. The poor of Bhopal knew nothing of the way Union Carbide was working until the tragedy struck them, killing thousands and crippling for life many more. Keeping people in ignorance is to be viewed as a criminal act, and that is why it should be brought under ethical censuring. Moreover, hiding knowledge from the people prevents them from exercising their agency. Today development planners and corporates do this hiding.

*Secrecy* is the way in which knowledge and information are withheld from the public. History and experience tell us that secrecy

is the weapon of the powerful and the dominators. It is a veil to cover up the actual messy realities, and keep the people subjugated. The subalterns do not have secrets. Their emotions are openly expressed without inhibition, and no information is withheld under the shroud of secrecy. They are like an open book. Their very way of life has a public character – even regarding matters which the upper castes consider taboos. They do not lock themselves up in their homes, nor isolate themselves in the cocoon of their world of the self. In other words, in the life of the subalterns, there is a conflation of the public and the private. Dalits and other subalterns have nothing to hide. On the other hand, what we note is that upper castes and the elites in the society have many things to hide, guard against and cover-up. For, if those truths are known, if those informations are divulged, their position could become very shaky; could have serious consequences for their power and privileges, and undercut their ambitions.

## II : Some Means and Parameters for Ethical Auditing

In the light of what we said on the three cover-ups and their ethical unmasking, we could reflect now on some of the ways in which ethical auditing could be practiced and on the criteria and principles implied in this.

Let me state at the outset, what we are envisaging is something that goes beyond the deployment of ethics in the entrepreneurial and managerial world. In this environment, social and ethical auditing is today much talked about. What we really find here is that ethics itself is turned into a *technology* in the hope that it will bring in its dividends. Like other means, ethics is made use of for better production, output, efficient management and for more competitive marketing. No wonder that this kind of ethical and social auditing discoursed in managerial jargons is often nothing but a pale reflection, not to say travesty, of a foundational ethics and ethical auditing required today for the creation of a just and equitable society – a society in which the subalterns will have the means for their livelihood and necessary security.

If we analyse deeply the values inherent in the discourses of ethical and social auditing in the corporate world, they are *self-referential*. The goal of ethics is the self, the organization, enterprise, and their success and credibility. Instead, the ethics that we propose and which should underlie all genuine ethical auditing is one in which the point of reference is *the other*, distinct from the self. Ethics and ethical auditing



are deeply human and humanistic issues. One has to take a stand vis-à-vis the other, especially in favour of the weak and the vulnerable. This kind of ethical auditing is highly challenging, and we can only surmise that entrepreneurs and managers will conveniently set them aside. This ethical language is for them quite disturbing. For it threatens to bring to the fore the subalterns as the point of reference for any genuine ethical and social auditing – be it the state, any institution, organization or corporate. The subalterns are the litmus test on whether an institution or enterprise is ethically oriented or not.

### **The Presuppositions**

It is of immense importance today that the state, its bureaucracy and the private sector provide the public and the subalterns with all informations. This calls for, as I noted, a different way of looking at ethics and ethical accountability, inspired ultimately by a new conception of power. Let me explain. Traditionally power was considered in terms of *possession*. One possessed power by way of appointment, inheritance, through sacred rituals, etc. This is a strongly legal conception of power. Today there is a realization that power is pervasive in the society; it is in circulation and it could be found at any point and at any level. When power was considered as a matter of possession, hierarchy was built up. Hierarchy is nothing but the slot or position of power one occupies in a given society, which becomes the point of reference for the relationship with others in that particular society or organization. The accountability and auditing took place within this frame of power and hierarchy. Accordingly, the lower officials are accountable to the higher ones. Those who have less power are accountable to those who have more power in the hierarchy. Subaltern approach to accountability and ethical auditing revolutionizes this stand: It is those who have more power in the traditional sense who are accountable to those who are in the lower rungs and to the general public. Ethical auditing is complete when power at various levels becomes accountable to the marginalized in the society. To hold any power or organization accountable is a right of the subalterns. It is an empowering mechanism. Besides, the practice of giving account to the public, has a cathartic effect on any institution or organization.

### **Two Enabling Conditions for Ethical Auditing**

For ethical auditing to take place, first and foremost there should

be a basic *shift in the mindset of the subalterns*. For too long they have been subjected to a dependent mode of thought and praxis. Imagining themselves at a low position, they look up to authorities, institutions and leaders for favours, concessions, gifts, development, etc. In such a frame of mind, ethical auditing, transparency and accountability do not make any sense. Their thoughts and attitudes will be one of subservience, loyalty, gratitude, adulation, etc. In short, the present mindset of the subalterns vis-à-vis the state, public authorities and institutions is one of ruled vs. the rulers.

But if, for example, the government is really perceived as something by the people, for the people and of the people, then there will be truly a revolutionary change in relationships. The people are the masters; and the state, its officials and bureaucracy are there to serve the people. Is it anything strange if the master calls for accounts from the servants? People as masters have to hold public servants, and institutions accountable. Here the accountability is not from bottom up, but from top to bottom. This revolutionary change of mindset is the beginning for any serious thought on ethical auditing and accountability.

A second important condition is the creation of a general conviction that a society's healthy functioning depends on its accountability to the weaker sections. Here is a crucial point. The subalterns on their part have the important task of demanding from the state and public authorities and private entrepreneurs that their actions and decisions are ethically sound and transparent. Precisely because this demand is often missing, the state, public authorities and corporates feel emboldened to behave as masters and as if they are above accountability. Given such a mood and attitude, corruption becomes a way of life for the authorities and for the bureaucracy and in the private sector. The subalterns realize painfully that even for the smallest thing to happen the officials have set up a chain of middlemen all of whose palms needs to be greased.<sup>12</sup> If on the contrary, there is

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12 Companies and corporates of private sector project a clean image of themselves, which is often contrasted with the corruption in the public sector. Today it is becoming clear that graft and corruption is growing very fast in the private sector. It is becoming a case of cattle calling the pot black.

awareness building about the right of the subalterns to hold public authorities accountable, there will be significant reduction in corrupt practices. Moreover, it will expose the public authorities and bureaucrats about their non-performance, since through public demand the barricades of secrecy behind which they hide themselves will be removed.

### **The Subalterns and Right to Information**

The present political situation dominated by the elites and upper castes have created a weak state that bends backwards to fulfil the demands of this group of people. They take refuge in a colonial-style bureaucracy. It is not a political atmosphere conducive to the cause of the subalterns. In the economic realm, the new economic policy, market and globalisation have created a world where decisions are made keeping the people and affected groups in ignorance. The subalterns are losing control of their lives, and are more and more at the mercy of these globalising and market forces with whom the state and politicians are hands in glove. It is part of ethical auditing that people demand informations pertaining to their daily lives. Is it not the right of the poor to ask how much supply is made to the ration-shops in their area when they observe that officials and middlemen divert the supply meant for them through corrupt practices? Is it not the right of the subalterns to demand how the provisions are distributed to the ration-card holders? Should the subalterns not demand from local panchayat information about the development works, the money spent, procedures followed, accounts maintained? Precisely to vindicate the right of the people and to hold the public servants accountable, there has come about as a shot in the arm, the new *Right to Information Act*, . that has come into force from October 2005.

The significance of this Act is that it has replaced the archaic Official Secrecy Act of 1935, enacted during the colonial period. According to this latter Act, state officials and bureaucrats are not to give out informations. The legacy of this Act continued even after Independence. Under the influence of this Act, officials have claimed their right to withhold information from the public. It is clear that the Act was meant to protect the interests of the state and facilitate unchallenged governance. The new Act has, at least in theory, reversed the situation. While officials felt that they were acting legally and ethically when refusing information because they were bound by



secrecy, today, if they refuse to part with informations to the public it is unethical and illegal, and therefore becomes a punishable offence. Through this Act, the conditions are created for a corruption-free and transparent governance. But this could remain a reform on paper unless the subalterns demand for informations at every level. But the information and truth need not come out only under pressure from the public. It is desirable that a culture of governance is created in which the state *suo motu* will provide all the necessary informations to the public.

The ethical auditing regarding information needs to be applied also to the private sector. For, with the entry of private sector and multinationals in a huge way, the economic scene in the country has changed. The subalterns are often spectators before the imposing structures, economic zones and other business and entrepreneurial activities taking place around them. The poor are kept completely in ignorance of what is going on around them, as these production units and service centres with international connections are operating insulated from the local population – exploiting their land, their water and their electricity. It is important then that the subalterns challenge these institutions and enterprises and demand informations about them. The private sector cannot set itself above accountability to the public, and refuse to supply informations about what is being transacted in those high-rise glass buildings. Bringing the private sector under ethical auditing and accountability will be an important task of the subalterns.

### **Reservation and Ethical Auditing**

Reservation has been a bone of contention. It has found spirited opponents among the elites and the upper castes. In recent decades this opposition has intensified and is orchestrated by right wing religious fundamentalists and liberals following the laws of market and the spirit of globalisation. Time has come now to underline that reservation is not only a constitutional right of the subalterns, but is also *a matter of ethics*. And as such, the practice of reservation should be brought under ethical scrutiny and needs to be constantly monitored. There are many reasons to ethically uphold and monitor the practice of reservation: First of all, it provides opportunities in various areas to people who were denied basic rights during the millennial history of India. Thus from an ethical perspective it is a legitimate compensative measure. Secondly, it contributes to the promotion of equality in a

widely unequal society. Thirdly, it creates a culture for the just distribution of resources, and serves as a process of social education for all the citizens. Finally, reservation creates self-respect among the victims and gives them self-confidence.

In spite of such importance of reservation what the Dalits and other subalterns experience are unethical practices – the provision of reservation is hijacked by vested interests. To cite some examples, middle and upper caste people manage to get with the connivance of state officials “false certificates” in order to grab government jobs and other privileges intended for the Scheduled Castes. Besides, there is reluctance to fill up the vacancies reserved for the weaker sections as a result of which thousands of posts lie vacant and unfilled for many years. These and similar instances call for an ethical auditing and monitoring of the practice of reservation.

All this reveals the unethical and casteist attitude and mind-set which is given vent in the systematically organized anti-reservation agitations. An analysis of these agitations will bring out the deeply entrenched discriminatory attitudes of the upper castes and classes. In this context, revealing is the incident Uma Chakarvarthy narrates. She refers to placards carried by women students of Delhi during the anti-Mandal agitation. It read: “*We don’t want unemployed husbands*”. Interpreting the implications of these words, she writes:

What these placards were saying was that these girls would be deprived of upper caste IAS husbands. But what they were also saying was that the OBCs and Dalits who would not occupy these positions in the IAS could *never* be their potential husbands. But who had told them that they could not marry the new entrants into the IAS drawn from the “backward” or Dalit castes, I wondered.<sup>13</sup>

This is another example that shows how unethical caste-discrimination and endogamy hide themselves behind the mask of secularism, justice and merit.

As regards the private sector, it is again a matter of ethics when systematically candidates from Dalit or lower caste backgrounds are

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13 Uma Chakravarti, *Gendering Caste Through Feminist Lens*, Stree, Calcutta, 2006, pp. 1-2.

left out in the hiring practices of private enterprises.<sup>14</sup> On the other hand, we note how the opportunities for employment in the government and public sector are shrinking. If over 90% of the subalterns are employed as daily labourers in agricultural lands possessed by private landlords or in private production units, their (the subalterns) future will depend upon the expansion of reservation in the private sector. Moreover, the ethical principle of compensatory discrimination could function fully, only if reservation is extended to companies and private enterprises.<sup>15</sup> The implementation of reservation in the private sector and auditing of the same require a general concretisation in the civil society as well as formulation of state policies aimed towards this goal.

### **Catalysts for Ethical Auditing – Civil Society and Social Movements**

The public, especially the subalterns, will be the principle agents who will do the ethical auditing. It cannot be reduced to a task of experts, who could at the most assist in this matter. Civil society will have an important role to play in ethical auditing of the state, its bureaucracy and its institutions. It is also the civil society which can effectively raise the issue of public auditing of private enterprises.

Since the very concept and institution of civil society has come under serious ambiguity, we need to specify what is intended here in relation to ethical auditing. In fact there could be a civil society driven by market and market interests. There could be another form of civil society dependent upon the state; it promotes the goals and programmes put forward by the state. Obviously, no one can trust these forms of civil society to do the ethical auditing, since they will be biased in favour of the market or the state. We mean here another kind of civil society – one in which issues touching upon the good of

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14 For a very enlightening presentation of the various aspects of the question of reservation in private sector, see Sukhadeo Thorat – Aryama – Prashant Negi (eds), *Reservation and Private Sector. Quest for Equal Opportunity and Growth*, Indian Institute of Dalit Studies, Rawat Publications, Delhi-Jaipur, 2005.

15 The state of Maharashtra was the first one to realize this by enacting a law. Cf. P.G. Jogdand, "Reservation in the Private Sector . Legislation in Maharashtra", in Sukhadeo Thorat et al., *op.cit.*, pp. 160-171.



the society is brought up for public discussion and debate. This kind of civil society presents the space for promoting the cause of ethical auditing both in the public and in the private sector. It will be the task of the civil society to scrutinize whether opportunities are offered, especially to the subalterns and weaker sections.<sup>16</sup>

Implementation of policies and programmes in favour of the subalterns and the weaker ones needs to be monitored, which is not possible without active collaboration on the part of the civil society. The civil society contributes to ethical auditing more specifically when it is watchful that the various safeguards against discrimination against Dalits and marginalized groups are practiced; that the policy of reservation is implemented in all earnestness in individual cases; that due representation for the Dalits and weaker sections are provided in the various bodies, organizations, institutions, etc.

Given the resistance by authorities, organizations and institutions to submit themselves to ethical checking, there is need for strong social movements which will play a critical and challenging role. All the segments of the society require to be made aware of the need for social and ethical auditing. The authorities and institutions need to shift from the traditional mode of secretive practices to a culture of transparency and accountability. *The subalterns themselves need to be trained on their part to demand ethical accountability from the public and private institutions.*

The existing social movements could incorporate these aspects of ethical auditing as part of their important agenda. And if they are not able to effectively promote it, new social movements could be created with specific focus on social and ethical auditing. For example, if

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16 Speaking of opportunities I am reminded of an episode the great statesman of Africa, Nelson Mandela narrates in his autobiography. He speaks of his classmate Mathona, a highly gifted and brilliant girl. Nothing was heard about her later. We can surmise that she ended up probably as a simple woman labourer doing hard physical work, because Mandela says his parents did not have the means to send her for higher education. Mandela concludes his narrative with a lapidary statement: "It was not lack of ability that limited my people, but lack of opportunity". Nelson Mandela, *Long Walk to Freedom*, Abacus, London, 1994, p.42

there is discrimination practiced against Dalits in the market (restriction on space, sale and purchase of goods and services, etc) on the basis of caste and untouchability or in hiring and employment practices, these could be censured effectively by a vibrant civil society or a social movement. A joined effort could put in place a general legal mechanism of "Equal Employment Opportunity Act", which will prevent any discrimination in the field of economy, education, etc. on the basis of caste and untouchability.

### **Ethical Auditing in the Church<sup>17</sup>**

We lack a culture of social and ethical auditing in this country. The basically hierarchical model of society bolstered up by the deeply entrenched caste-mentality, uncritical approach to tradition, self-demeaning loyalty to authority, the feudal and semi-feudal value-system conditioning the minds of even the educated ones – all these make the practice of ethical auditing extremely challenging one.

What we experience in the society is sadly reflected also in the Church. The general social situation of absence of ethical auditing should spur the Church on to act as a catalyst for public accountability. Instead, the Church itself is lacking in ethical censure, checks and balances in its decisions and praxis.

If the ministers are servants according to the best of Christian tradition, and if the highest authority in the Church is "*servant of servants*", then ministers and leaders at every level including religious superiors – minor ones and major ones – are accountable. Unfortunately, the model of master-slave in the feudal spirit, with focus on obedience and uncritical loyalty, has replaced this tradition of holding the leaders and ministers accountable. Those at the lower rungs are to obey and give account. But the truth is that, in the spirit of Christian Gospel, the higher the office, more severe is the obligation to give account to those being served. If we study deeply, we will not fail to note how present legal provisions in the Church aim ultimately

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17 In view of the fact that *Jeevadhara* has a wide Christian readership, I am including by way of conclusion some brief reflections on ethical auditing in the Church. I am aware it would require more elaborate treatment than what is possible here.

to protect the leaders at all costs, even when they blatantly and scandalously violate moral and ethical accountability. The trend of ethical amnesty for leaders and ministers does not fit into the demands of our present-day awakened public consciousness about ethical accountability. An indication of a general lack of transparency and accountability is the way secrecy in the Church is conferred an aura of sacredness. As we noted, secrecy is the weapon of the powerful, and the more authorities take protection under it and shield themselves from public scrutiny, their credibility also becomes, unfortunately, suspect.

We cannot sufficiently underline the importance of ethical auditing for the Church, and its long-term fruits. This auditing will go into the management of institutions, properties, and relationship with personnel, etc. In what ways the resources – material and human – are utilized? This is an important question to be faced. Religious congregations and dioceses may have to account for wasting of human and financial resources; for uncalled for duplication and triplication of structures and institutions; and for doling out resources on pet-projects of the leaders and superiors who refuse to submit themselves to an ethical auditing and accountability.

If in the political world there could be a legislation to provide transparent governance, there could be no valid reason why the Church also cannot have legislations to this effect. There is a justified expectation that the Church as a moral force will readily submit itself to ethical auditing by the people. It implies that information should be available to the people in the Church regarding the rationale of the decisions taken and about the administration and policies of Church-run institutions of every kind. If the Church is the people of God, it is not clear why the people cannot have a deliberative role also in what concerns all. The distinction between “deliberative” and “consultative” is but a fig leaf to cover the lack of proper rationale and foundation for decisions in the Church. In a world that considers access to information as a basic human right, it is important for credibility of the Church that the decision-making process is not shrouded under the veil of secrecy. It could only reinforce the image of the Church as an authoritarian institution.



Ethical auditing in the Church becomes all the more important since overwhelming majority of Christians happen to be from Dalit and tribal communities and from other subaltern groups. For example, when there is legitimate pressure on the part of Dalits and tribals for their representation in various bodies in the Church or for taking up their cause in education, welfare, etc., it is strongly resented by authorities. They want to be free from pressure and negatively react when it is exerted. But is it a virtue not to yield when facts, reason and faith tell us the truth? Greater transparency and dialogue will contribute to a more positive ethical auditing of the Church.

We know that the Church has a lot to give to the world and to the society. What is often not realized is that the Church has also a lot to *learn from the world and society*. One important lesson today it could learn is the need for submitting itself to ethical auditing, and thus become more transparent and credible.

## Conclusion

There are other values in human life than economy and technology; market and competition, profit and consumption. At the same time, ethical questions cannot follow a trajectory of its own, and form a discourse divorced from these realities of everyday experience. The crucial question is how to integrate and co-relate in a way that technology, economy etc. are imbued with the ethical dimension, and are conducted in a socially and ethically responsible manner. It is here we realize the importance of ethical auditing as a practice that should accompany the pursuit of goals of any institution or organization – public or private. Even more, in the light of ethical auditing, the goals and objectives of institutions and organizations should be constantly revised. For example, today, the profile of a company or institution is measured ultimately on the basis of the increase in the profit it has made, or the “success” it has achieved. Ethical auditing could lead them to a self-evaluation in which these parameters will be rethought and re-conceptualised. The very purpose of ethical auditing will be scuttled if it is instrumentalized to achieve the goals, objectives and procedures already fixed. By introducing new criteria in evaluating and assessing the performance of any organization or institution, foundation is laid for a sustainable and holistic development. The

Church should feel obliged to undergo such an ethical auditing which will ultimately increase its credibility among the public.

Ethical auditing begins by unmasking and exposing the actual position of the state, organization, institution, bureaucracy, etc., since they all tend to conceal and keep the people in ignorance. The process of ethical auditing is done effectively when civil society and social movements involve themselves in this issue. In particular, there is the need to create awareness among the general public about their right to information. Moreover structures and mechanism are required to monitor and implement the inherent ethics in the provisions as reservation for the weaker sections. In short, ethical auditing is an important means today for the creation of an egalitarian society and for the achievement of social justice.

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# Participatory Gender Auditing Implications for the Church

Pushpa Joseph

In this article, Dr. Pushpa Joseph, lecturer in the Department of Christian Studies, University of Madras, explores the concept of Gender Auditing and its critical possibilities for assessing the ethical relevance of the Church in a context of Gendered Subjectivities. Presenting a participatory mode of Gender Auditing with emphasis on its democratic potentials, the article presents the findings of a field study conducted in order to assess the Church's stand on gender issues. The Church faces substantial challenges in the future, returning to the spirit and practice of *'audire'*, (public hearing and examination) might help the Church to ensure its relevance on issues of gender justice.

## Introduction

Human persons and Human organizations ought to subject themselves to periodic assessment to ensure qualitative growth. An organization be it social, cultural, religious or political runs the danger of becoming static in its functioning if relevant parameters are not employed for its appraisal in keeping with the changing signs of the times. The Church too as a living and dynamic body of pilgrims is called to actively employ critical categories as a way of assessing and evaluating its progress towards holistic fruition of kingdom values in its being, functioning, witnessing and above all in its existence.

The key to unlocking progress and growth within experience is to face facts, to fashion realizable ends or purposes, to choose the best course of action, and to act. Ethical knowledge, i.e. knowledge aimed at the improvement of actual conditions - does not stop with esthetic appreciation of or speculation about ends or values; it is instrumental, practical. It grasps the particular correlation of conditions within each situation and knows how to direct these conditions toward a desired anticipated result. Ethics therefore is a *techne*, a technique, a practical art.

Growth means improvement; improvement means becoming better at being alive, at interacting with our environment and our fellow humans. It means continually increasing enrichment of human experience with meaning and communication. It means making things better, not worse. The phenomenon of social auditing, the theme of this issue of *Jeevadhara*, is a rather novel and evolving approach that has appeared in the field of organizational assessment. The objective of social audits is to measure the holistic growth of members within organizations by employing ethical raters. Social accounting and auditing therefore is a way of measuring and reporting on an organization's social and ethical performance. An organization that takes on an audit makes itself accountable to its stakeholders and commits itself to following the audits' recommendations.

## Gender Auditing

A gender audit is essentially a "social audit", and belongs to the category of "quality audits", which distinguishes it from traditional "financial audits". It considers whether internal practices and related support systems for gender mainstreaming are effective and reinforce each other and whether they are being followed.<sup>1</sup> It establishes a baseline; identifies critical gaps and challenges; and recommends ways of addressing them, suggesting possible improvements and innovations.<sup>2</sup> It also documents good practices towards the achievement of gender equality. A gender audit enhances the collective capacity of the organization to examine its activities from a gender perspective and identify strengths and weaknesses in promoting gender equality issues. It monitors and assesses the relative progress made in gender mainstreaming<sup>3</sup>

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- 1 Caroline Moser, "An Introduction to Gender Audit Methodology: Its Design and Implementation in DFID Malawi" in *Gender and Development* 5(1) 2001: 28–34.
  - 2 Vivek Ramkumar, "Case Study, Part 2: The Right to Know Movement in India." Making Change Happen. Just Associates. 2004. Retrieved 19 December 2006. <<http://www.justassociates.org/MKSS%20Case%20Study%20Section%20II.pdf>>.
  - 3 Vivek Ramkumar, "Case Study, Part 2: The Right to Know Movement in India." Making Change Happen. Just Associates. 2004. Retrieved 19 December 2006. <<http://www.justassociates.org/MKSS%20Case%20Study%20Section%20II.pdf>>.



Vivek Ramkumar, "Case Study, Part 2: The Right to Know Movement in India." Making Change Happen. Just Associates. 2004. Retrieved 19 December 2006. <<http://www.justassociates.org/MKSS%20Case%20Study%20Section%20II.pdf>>.

and helps to build organizational ownership for gender equality initiatives and sharpens organizational learning on gender through a process of team building, information sharing and reflection on gender.<sup>4</sup>

Etymologically the word audit comes from the Latin word *audire* meaning 'to hear'.<sup>5</sup> *Audire* in ancient Rome referred to the "hearing of accounts," a process in which one official compared his records with those of another official.<sup>6</sup> As many of the parties interested in the audit findings were illiterate, audits were presented orally. In modern times, auditing has evolved into a technical discipline practiced by professional auditors who provide opinions on whether or not the annual financial statements of an entity comply with set accounting standards.

In sciences like Dianetics and Scientology, which focus on spiritual healing technology, auditing is the term given to spiritual counseling which is a central practice. The goal of auditing is to restore individual ability. It is a precise, thoroughly codified activity with precise procedures. An auditor uses exact sets of questions to help a person find out things about herself/himself and improve her/his condition.

An auditor does not engage in some vague form of mental exploration, nor do auditors offer solutions, advice or evaluation. One of the fundamental principles of the Scientology<sup>7</sup> religion is that an individual can improve her/his conditions only if she/he is allowed to

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- 4 Agarwal B., Humphries J., Robeyns I., "A Special Issue on Amartya Sen's Work and Ideas: A Gender Perspective", *Feminist Economics*, 9(2-3), 2003 July-November.
  - 5 Online Etymology Dictionary. Douglas Harper. Updated November 2001. Retrieved 21 December 2006. <<http://www.etymonline.com/index.php?term=audit>>.
  - 6 Vivek Ramkumar and Warren Krafchik, "The Role of Civil Society Organizations in Auditing and Public Finance Management," in *The International Budget Project*. Online Version ([ramkumar@cbpp.org](mailto:ramkumar@cbpp.org)/[krafchik@cbpp.org](mailto:krafchik@cbpp.org)) downloaded on 27.12.2006
  - 7 Agarwal B., Humphries J., Robeyns I., "A Special Issue on Amartya Sen's Work and Ideas: A Gender Perspective", *Feminist Economics*, 9(2-3), 2003 July-November.

find her/his own answers to life's problems. Scientology auditors help individuals to accomplish this goal by guiding them to examine their existence through a carefully structured series of steps that have been scientifically developed for the purpose. By following this gradient process, individuals can improve their ability to face what they are and where they are. Gender Auditing is a strategy that has been employed by organizations based on this principle derived from Scientology. As such it requires multiple skills and a participatory and often qualitative approach that is hard to find within one organization. The gender audit, as a monitoring mechanism provides simplified tools for ensuring whether the gender gap has widened or narrowed and gender empowerment has increased or decreased.

Feminists in economics and development argue that social auditing and above all gender auditing is currently based on a questionable methodology, which has been promoted by the interests of commercial auditing firms. The notion that auditors can be objective, that an audit can be a neutral test of labour and living conditions, and that working conditions can be assessed in a few days, are all challenged. This calls for an alternative form of auditing, which focuses on empowering workers especially women to define, monitor and report on their own priorities. Drawing upon the insights of international development theory and practice, a move beyond gender auditing to more Participatory Gender Appraisal is the need of the hour.

### **Participatory Gender Auditing**

A participatory gender audit is a tool and a process based on a participatory methodology to promote organizational learning at the individual, work unit and organizational levels on how to practically and effectively mainstream gender. It is a methodology that enables organisations to assess, learn from and improve their working practice on gender equality and women's empowerment. It combines insights from feminist and gender and development theory and practice with new insights on organisational learning and change based on constructivist evaluation and learning organisation theory and practice. It is a learning process designed on the basis of experiential/adult learning.

A participatory gender audit is not an *impact* assessment of the outcome of the work being done by a development organisation, but an organisational *self-assessment*: it examines whether and to what

extent the organisation has created the organisational conditions and standards to promote gender equality and women's empowerment.

In short a participatory gender audit is a methodology for self-assessment of policy implementation by development programmes and organisations. The main aim of the participatory gender audit is that participants learn about:

- what they are doing concerning gender equality and women's empowerment in their work,
- how they do it,
- how they relate what they are doing to what others are doing, and
- how they can improve what they are doing and place it in the context in which they work.

The assumption is that this learning will lead to proposals for change that can translate the learning into action.

The difference between this participatory audit and a normal gender evaluation is that the focus of the participatory gender audit is on self-assessment, not on external evaluation. The people who are employed in an organisation or are associated to it as agents are considered as empirical experts, able and motivated to assess themselves and their organisation or their partner organisations in order to improve the organisation's performance on gender equality and women's empowerment.

### **A participatory approach to auditing does the following:**

- It encourages active involvement of workers, managers and people in the auditing process
- It enables discussion and allows the freedom for both workers and employers to share their ideas and perceptions about labour and social issues
- It creates awareness and enables people to identify problems/priorities
- It encourages the building of better relationships between employees and employers
- It enables joint planning and decision-making

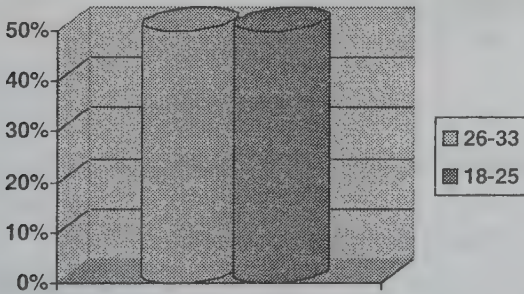
### **Field Study through Questionnaire and Indepth Interview**

The methodology of field study was used to assess the feasibility

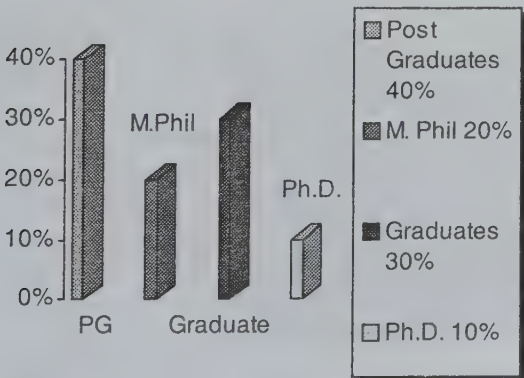
of gender equity and gender mainstreaming within the Church. Participatory gender auditing employs the social sciences methodology. In this study a questionnaire consisting of fifteen questions was prepared. The questions were prepared under two themes – Organizational culture of the Church with regard to Gender and leadership in the Church. The questionnaire was distributed to 20 young catholic women coming under two age groups. Five Indepth interviews were also conducted. The responses were processed and are presented below in the form of graphs and significant findings.

## Presentation of Data

### Age Profile of Respondents

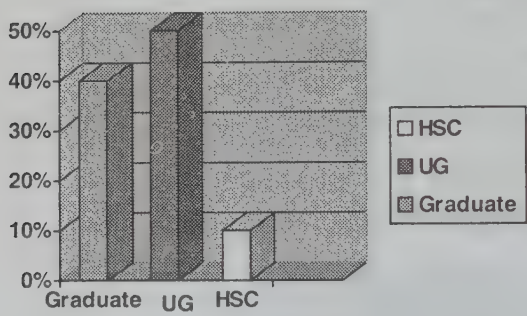


### Education Profile of the Respondents in the 26 – 33 group





**Education Profile of Respondents in the 18-25 age-group**



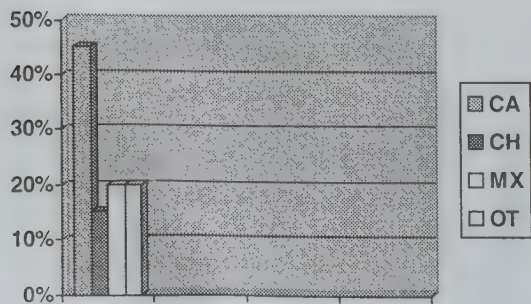
**Graph Showing Nature of Educational Institution**

CA – stands for Catholic Education

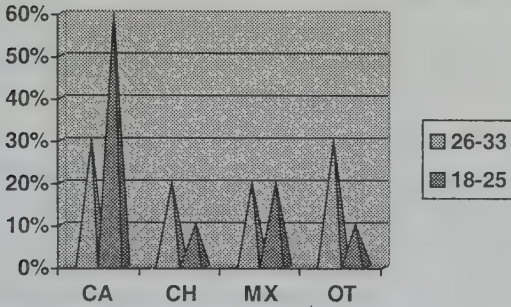
CH – Christian Education (Institutions by other denominations)

MX – Mixed Education (Christian, Catholic and other institutions)

OT – Institutions run by other managements or by the Government.



## Age and Nature of Educational Institution



The Survey highlighted four significant findings:

### Finding Number One

*Though many of the respondents are committed in principle to gender equality, conceptual clarity on gender concepts and gender mainstreaming is found to be rather limited.*

In the indepth interviews that were conducted all the participants agreed that we as Church must be committed to gender equality. Two of them quoted Galatians 3:28, "There is neither male or female, Jew or Gentile, slave or master... for all are one in Christ" in order to highlight the foundations on which the Church is built and is called to transform itself. However the same respondents seemed unaware of the role that gender relations play in restricting women's access to resources. This was evident to their responses to the statement: *Gender issues are taken seriously and discussed openly by men and women in the Church.* 30% of the respondents said that they did not know the meaning of the phrase 'gender issues' mainly because they were students from the Science stream. 20% of this group belonged to the 18-25 age group. 10% of the respondents who manifested some knowledge of gender issues affirmed, during the indepth interview that gender differences were natural and not culturally or socially constructed. 20% of the respondents did not

respond to the statement: *Gender stereotyping is prevalent in the Church*, despite the fact that their command of English was fairly good. On enquiry they said that they had not come across the word before. They seemed to find no connection between gender stereotyping and women's marginalization in the Church. At every level of Church life there tends to be some misunderstanding about expectations and roles of men and women.

### **Finding Number Two**

*Those belonging to the upper age group are more aware and concerned about gender issues within the church.*

Out of the ten, from the 26-33 age group 70% strongly disagree with the statement: *"The Church as an Institution complies with gender sensitive behaviour, in terms of language used, jokes and comments made."* In order to further illustrate her point one of the respondents from this upper age group in an indepth interview said, "I am often put off by the sermons that I listen to on Sundays. The priest use jokes and language that is very sexist. Very often they address the whole congregation as brethren or men even when they know that most of the congregation present are women." Out of the 70% who strongly disagree almost 30 % have been educated in schools run by non-catholic and non-Christian managements or government managements. Nonetheless 20% of this age group was new to the phrase 'gender sensitive behaviour.' On further questioning it was evident that they understood gender 1) as identical to male/female sex, 2) they considered gender as naturally ordained and as having divine sanction. The idea that gender in feminist theory is understood as a social construct was totally alien to them.

In the 18-25 age group, it is interesting to note, only 50% strongly disagree with the statement: *"The Church as an Institution complies with gender sensitive behaviour, in terms of language used, jokes and comments made."* In addition 20% strongly agree that the church complies with gender sensitive behaviour and language. One of the respondents belonging to this age group in her indepth interview said, "It is not a matter of concern for me even if the Priest uses patriarchal language as long as his sermons are interesting and not too long and boring." When Asha (name changed) belonging to the 26-33 age group heard this comment made by her younger counterpart she said,

“This internalization and complacency with patriarchal values is part of the phenomenon of Globalization and the accompanying media revolution that has happened in our country. It also affects Catholic education in significant ways. The younger generation tend to internalize the gendered understanding of feminine and masculine that the media projects. Education today, fails to challenge these projections.”

To the question *the leaders of the Church are committed to the implementation of a gender policy*, the senior age group 26-33, had 55% strongly disagreeing while in the 18-25 age group 60% strongly agreed. During the indepth interview one respondent who strongly disagreed and who belonged to the senior age group illustrated through examples the life stories of women experiencing violence in marriage and the indifference maintained by the Church to the plight of these women.

### **Finding Number Three**

*Students who have received different levels of education only in Catholic Church related institutions have comparatively lesser awareness of gender related issues and social concerns related to gender equity.*

There are two evidences that have emerged from the questionnaire to prove this. Firstly to the statement *The Church is women friendly* a large 60% from the 18-25 age group answered in the affirmative. Out of this 60%, 50% are those studying in Church related institutions. In the indepth interview Rani (name changed) who belongs to this group corroborated her response by saying, “Look how open the church is to altar girls.” In addition, she said, “In our parish council there are three women in addition to the superiors of the various congregations.” When asked, “Do these women have an active voice in the Council?” she said, “That is not important. It is the feminine presence that is needed in the Church today.” When asked how she would describe the word feminine, she answered in a flurry of culturally feminine adjectives, “Loving, tender, selfgiving....” However among 40% of those who responded negatively to the statement: *The Church is women friendly*, from the 18-25 age group, 20% are from the group that had their education both in Christian and non Christian institutions and another 10 % are those who have had their education in Christian and purely institutions run by other managements.



### **Finding Number Four**

*The Church in the minds of these respondents lacks relative relevance as a social institution. It is understood by and large as a religious institution.*

The above-mentioned approach is evident in the responses to the statement: *The Church could do much more than it is currently doing to institutionalize gender equity.* To this statement both the age groups had astonishing replies. A good 60% of the 26-33 age group *strongly disagreed* to the statement. Out of the sixty%, 15% are those who have received education in non catholic and non Christian institutions. A good 20% are those who have been educated in Christian institutions. In the indepth interview the respondent said, "The Church's responsibility, first and foremost is to cater to the spiritual needs of the believers. The Church's primary identity is as a religious institution. If it lives its religious calling in this world there will also follow social equality." Out of this sixty percentage who responded in the negative a good number are regular church goers. However even those who go to Church occasionally affirmed the religious identity of the Church over and against the social and secular identity.

In the case of the 18-25 age group, 20% manifested a kind of apathy and indifference. They did not respond to the question. When interviewed their response was that they were unsure as to whether the Church could respond to a secular question such as women's empowerment. In their opinion women's empowerment is more a cultural and economic issue, rather than a religious issue.

### **Challenges Ahead**

#### **(Posed By The Findings of our Study)**

A first challenge, related to the findings, is the urgent need to develop gender expertise and provide gender training at all levels. This is to be done in and through all church related institutions be it educational and theological and through pastoral ministry. The Indian Theological Association in its Statement issued following the 2004 Annual meeting states:

As in other religions, patriarchal patterns—present in the hierarchical structures—also exist in Christianity and subjugate women in the Church. The Church today is impoverished and incomplete because it follows only one mode of being church, the patriarchal mode. Women encounter several restrictive

barriers in their efforts to be Church. The ordinances surrounding the ordained ministry in the Church have excluded them from both mainstream Christianity and active participation in the Church. Like other marginalized groups, women may be consulted but their voice is conspicuously absent in decision-making. They are invited to catechize but not permitted to proclaim the word—as ordained men can—and thus share their unique God experience. Women are included in pastoral councils but excluded from active ministerial services, in spite of the clear shift in Vatican II from older patterns: “... with respect to the fundamental rights of the person every type of discrimination, whether social or cultural, whether based on sex, race, colour, social condition, language or religion is to be overcome and eradicated as contrary to God’s intent” (GS 29).

This calls for a paradigm shift from the prevailing patriarchal worldviews and value systems. Awareness creating workshops on gender within Church is a significant tool for conscientizing. During these workshops participants could be helped to identify myths, sayings and beliefs about women and men, which are strong propaganda tools for gender stereotypes. Most of these speak negatively about women and portray them to be of lesser value.

For example, in a workshop organized by the Church in Zambia, participants identified a common cultural cliché which said, women are like cabbage – they must grow straight and never spread out but men are like pumpkin - they can spread out as wide as they wish. This means that women’s options are very limited but men have choices and are free to explore and learn more about their community and the world. Many songs and jokes about women are based on the belief that women have little intellectual ability and their main attribute is the physically visible self.

Changes in ideas and behaviour can come by experiences such as participating in workshops and seminars. In sessions on “strategies for change” participants can be helped to examine how gender stereotypes and inequities are shaped and maintained by major societal forces. They can also be conscientized to see the relationship between personal behaviour, ideas and beliefs in maintaining systems of inequality in the Church, communities and society. For change to take place, this pattern must be broken. Formation for: identifying gender issues within the Church; taking into account the connections between

power, conflict and gender relations in understanding women's subordination; critical reflection on media projections; identifying the socialization processes within the Church can create the standards to promote gender equality and women's empowerment. It creates awareness and enables men and women within the Church to become empirical experts to assess themselves and the Church for ensuring growth.

A second challenge being posed to the Church is towards increasing recognition of the role of civil society and establishment of links with civil society organisations, particularly with women's organizations. In an article entitled, "The Role of Civil Society Organizations in Social and Gender auditing,"<sup>8</sup> the authors through four case studies argue that an enhanced partnership between Social Audit Associations and civil society will also help to insert the practice of *audire* – the public 'hearing' or public examination with a view to dynamic growth. Such an interaction they clearly illustrate through case studies of four countries will strengthen a country's governance framework and the effectiveness and efficiency of all its humanitarian programs.

The Church can learn from these examples and cooperate with civil society organizations to strengthen the role of social audits in promoting good governance and well being for all within the Church. The Church must return to the practice of *audire* – the public hearing of women's grievances and the public affirmation of women's contributions as citizens of the ekklesia. A policy of dialogue, of Participatory Gender Audit activism and even of networking, and the existence of channels of communication between Church bodies and organisations of civil society are fundamental to the understanding of church as a social institution.

A third challenge for the Church of India, lies in what I would call the need for a systematic forward-looking attitude, a close attention to new issues and new problems in a society that is changing fast; a moving society where all emerging issues must be looked at from a gender perspective, trying to figure out, from the very start, the specific impact those issues can bring into women's and men's lives. This

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8 Gladys Karlye, "The Role of Civil Society Organizations in Social and Gender auditing," online version Retrieved 8 January 2007. <[http://www.transparency.com/ach/oversight\\_bodies/supreme\\_audit/discussion.html](http://www.transparency.com/ach/oversight_bodies/supreme_audit/discussion.html)>.

attitude of listening to the signs of the times certainly has implications in regard to laws and policies, but also in regard to the scope of action of the Church itself.

A fourth challenge particularly relevant at the present time is consciously increasing the presence of women in decision-making bodies in all levels of administration in the Church. This demands openness to the possible innovative views they may bring to policy-making in those bodies that have historically marginalised them. We could say that the present role of the Church lies in re-thinking current concepts and values on women's and men's roles, needs, capacities, expectations, ambitions and dreams. These challenges and this process of re-thinking must find an echo at decision-making level; and women can voice these concerns there and help to convey a new vision of the church and of social organisation. The philosophy and practice of gender mainstreaming, in the long run, poses the question of women's empowerment and equal participation in decision-making at all levels and in all areas of life. It is a decisive question that the Church must also address.

In conclusion, the crucial issue of the gender audit is that it ought to be a tool for strengthening women's participation in governance. Since governance relates to the question of power – not only power relations, the information assists women to claim power to overcome patriarchal/traditional authority and the historical exclusion from power structures. The Church in touch with the grassroot levels could play a major role in giving adequate exposure to basic issues of gender and to gender audit activism, both of which would be a useful input for strengthening women's participation in all levels of governance. The article has tried to show that gender audit is one more step in strengthening gender equity measures in the Church and society.

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# Sustainability - A Societal and Intercultural Task Beyond Corporate Rating

Johannes Hoffmann

Prof. Dr. Hoffman, from the University of Frankfurt, Germany, argues that sustainable development is not merely the responsibility of the corporate houses, but a social and intercultural task in which every person has to involve. He illustrates with evidence the power of action, undertaken by social movements and people of the grassroots.

Considering the fact that 1.1 billion people have no access to clean drinking water and that more than two million children die every year due to dirty water<sup>1</sup> and, taking into account of the fact that 40% of the world's population today suffer from water shortage and that in 2050, this number will increase to at least 2 billion people<sup>2</sup>, economic and political experts face an enormous pressure to take action. Generally, they tend to look for solutions in big projects. They do so, in spite of knowing that it is mainly the big farmers owning fertile soil, the industry and the urban population that profit from centralised big projects and not the more than 500 million peasant families who are far from modern irrigation systems, power supply systems and drinking water supply.<sup>3</sup> It is time we looked up to the resources of small entrepreneurs and grassroots people to solve the problems related to development and sustainability.

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- 1 Peter Bosshard und Ann Kathrin Schneider, Wasser für die Armen bringt Wohlstand für alle. Nicht die großen Staudämme und Kanäle, sondern kleine Bewässerungsprojekte helfen der durstigen Welt, in: Süddeutsche Zeitung, 16.3.2006, Nr. 63, page 2.
  - 2 Compare UNESCO, United Nations Educational and Cultural Organization: Water for People, Water for Life. The United Nations World Water Development Report, Barcelona 2003
  - 3 Peter Bosshard und Ann Kathrin Schneider, *ibid*.

## People's Power of Action

One needs to look into people's power of action. The peasant families, for example, prove to have the power to act, as shown by an example from the arid state of Rajasthan in India. There, a broad social movement is building thousands of reservoirs to save the scarce rain showers. The reservoirs are of use to the agriculture and supply groundwater. As a result, three rivers, which had run dry before, carry water year-round and the living basis of a broad population has considerably improved. Moreover, the developmental aid organisation "International development Enterprises" developed low priced pedal pumps, and these enable millions of peasants to use groundwater to irrigate their fields. The very organisation that offers these pedal pumps found a low priced way of 'drop-by-drop' irrigation, which leads water directly to the roots, thus saving almost half of the water.

Last but not least, farmers in more than 30 countries experiment with a revolutionary way of rice growing, which means that rice is no longer permanently set under water. This new method requires more labour, but needs only a fractional amount of seed, water and fertilizer – and leaves bigger profits.

Local reservoirs, pedal pumps, the drop-by-drop irrigation and the new method of rice growing use traditional as well as newly developed technologies. The common denominator of all these methods, however, is that they are labour intensive, technically simple and low priced. The pumps cost 25 dollars, the drop-by-drop irrigation systems are only three dollars per planted bed. Their production does not require imported technologies, but creates local employment. External support is mainly needed for the further development of adapted technologies and their publicising in rural areas.<sup>4</sup>

These examples speak for themselves. They prove the thesis that even people in seemingly hopeless situations develop the power to take action and can change their living conditions, employment and reproduction conditions dramatically for the better. A well-known sociological knowledge becomes literally true:

Technological developments, economic systems, and monetary structures do not drop down from heaven. They are neither perfect nor incapable of being influenced but are rather results

of social processes within a culture. Culture is indeed changed by them. But at the same time the respective culture has the capability, by virtue of the moral understanding inherent in it, to change the present state of economic and technological developments, if this state of affairs is experienced as destructive and if the natural and social foundations of Life appear to be endangered by it. There is increasing cognisance of the fact that the current form of economic growth is no longer of service to the public welfare or to the preservation of the natural environment, but has become an end in itself. This is true on a national, a European, as well as on a global scale. Hence there is a growing awareness that all the powers in societies will have to be mobilized in order to produce the cultural pressure necessary to enable the social market economy to mediate between liberalism and socialism, competition and solidarity, and between economy and ecology.”<sup>5</sup>

It is exactly this ability to change or to reproduce societal institutions under disparate conditions that the World Development Report 2006 defines as “power of action.”<sup>6</sup> In the course of history, down to the present day, social movements such as the peace movement, the feminist movement, the ecological movement et cetera have proved these abilities time and again. Thanks to these abilities, numerous social, economic, technical and political accomplishments were implemented and realised contrary to the prevailing national and international power structures. This ability can also unfold its power to act in the context of globalisation. This shows that in spite of meagre financial means people can be given effective help to help themselves; self-help that implements culture-immanent knowledge<sup>7</sup> and mobilises the cultural system, creates employment and means of subsistence

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- 5 Project group Ethical-Ecological Rating/oekom research AG (Eds.), *Ethical Ecological Rating. The Frankfurt-Hohenheim Guidelines and their implementation via the corporate responsibility Rating*, 2nd extended and updated edition, Munich 2003, pp. 16 ff.
  - 6 *Weltentwicklungsbericht 2006: Chancen-Gerechtigkeit und Entwicklung*, ed. by: The Internationale Bank for Reconstruction and Development/Die Weltbank, Washington/Düsseldorf, 1. edition 2006, page 58.
  - 7 Lucia A. Reisch, Ed., *Ethical-ecological Investment: Towards Global Sustainable Development*, Frankfurt/London 2001.

for the poorest and on top of that handles natural resources in a sustainable manner.

### **Rich-Poor Disparity Not an Excuse**

Can the power of action demonstrated in these set an example for us? Offhanded, everybody would surely say: "Of course, we should learn from that." In the same breath, however, we can think of many excuses. On the other hand, we should not forget the fact that there are more and more rich people that get continuously richer. "The number of the super-rich clearly increased in the last year", as the *Süddeutsche Zeitung* quotes the economy magazine *Forbes*. All in all, there were 793 billionaires. These were 102 more than in 2004<sup>8</sup>. And the Global Marshall Olan Initiative reports that in the year 2000, there were 1.5 billion people who earned less than 1 US Dollar per day and 2.8 billion people with less than 2 US Dollars a day. 24.000 people starve every day and in 2003, the countries of the South paid 116 billion US Dollars in interest rates to the countries of the North, whereas the development aid in 2004 amounted to only 78 billion US Dollars<sup>9</sup>. Or: "the third-richest man in the world, the Indian Lakshmi Mittal, earns 36.000 US Dollars per second, while 300 million Indians live in poverty."<sup>10</sup> There are more and more poor people and they are getting continually poorer.

This is true and, of course, terrible. Some will say, however, that it is not in our power to initiate changes. We as single persons are powerless. Those who think accordingly have internalised the prejudice of one's own powerlessness and certain consumer habits, which lead to a negative concept of the 'power of action' and also results in a loss of self-confidence. To free ourselves from this negative consciousness-trap, we should -on the basis of differentiated analyses - bring to mind the extent of our own involvement. It helps to take into account the "Fair Future"<sup>11</sup> report by the Wuppertal Institute and

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8 Reiche Leute, in: *Süddeutsche Zeitung*, 11./12. März 2006, Nr. 59, page 12.

9 Global Marshall Plan Initiative, Hrsg., *Hoffnung Europa. Strategie des Miteinander*, Hamburg 2006, page 281.

10 Sebastian Henneke, Wenn der Elefant den Drachen überholt; in: *Vorwärts*, 10/2006, p. 21.

11 Fair Future. Ein Report des Wuppertal Instituts. Begrenzte Ressourcen und



- by using the terms “ecological footprint” and “ecological back pack”- to show that in our daily business, we are challenged to change our ways and get conscious of our power – both in the interest of safeguarding our own living basis and at the same time for reasons of intra-generational, intergenerational and intercultural fairness. The motto is to resist meaningless continuation of the old patterns by creative change.

### **‘Ecological Footprint’ and ‘Ecological Back Pack’**

“The ecological footprint is an attempt to put the over-use of the biosphere in a single global indicator. Every country has such a footprint. It describes the total area that is needed to build its infrastructure, to produce food, goods and provision of services and to absorb the emissions of fossil energy consumption. In order to recognise the responsibility of the people in the industrial nations for the over-use of the biosphere, the report of the Wuppertal Institute assessed the part the industrial nations have in the global ecological footprint. Accordingly, “the industrial nations account for 42% - about 6.5 hectare per capita. The developing countries occupy about 58 % of the global environment – per capita only about 1.5 hectare. According to their population, the industrial nations should occupy only about 30% of the available bio capacity – in fact they claim 2.5 billion hectare in addition. As the developing countries as a whole approximately claim the bio capacity they are entitled to, the industrial nations completely account for the over-use.<sup>12</sup>

Concerning the ‘ecological back pack’, the industrial nations score equally bad marks. According to the definition by the Wuppertal Institute, “the ecological back pack means the total extent of the consumption of resources for each single product and depicts it in variables according to their importance.<sup>13</sup> Thereby, the whole chain is taken into account: from the production and the use up to the

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globale Gerechtigkeit, ed. by Wuppertal Institut für Klima, Umwelt, Energie, München 2005.

12 Fair Future, *ibid.*, pp. 62 ff.

13 Fair Future, *ibid.*, p. 68; compare: Friedrich Schmidt-Bleek, *Das MIPS Konzept: Weniger Naturverbrauch – mehr Lebensqualität durch Faktor 10*, München 1998, p. 82. Bundesrepublik Deutschland. In : Stefan Bringezu, Edt., *Neue Ansätze der Umweltstatistik*, Berlin-Basel-Boston 1995, pp. 26 - 54.

disposal. Furthermore, the complexity of the resource input of political economics can be assessed by means of a material-flow-analysis and by means of the indicator 'global material input' we can assert where this material input really takes place.<sup>14</sup>

Looking at the import – export relations between Europe and the developing countries, we can observe that the “European Union not only imports resources of detrimental effects on the environment, but on her part she also exports resources worldwide mainly in form of refined goods.<sup>15</sup> Since the days of colonization and especially during the industrialisation process, the industrial nations “accumulated ecological debts by consuming parts of the environment” at the expense of the countries of the South, and “today, the South lacks these for its own development... Against this background, the usual perception is turned upside down: The North is not the credit grantor of the South, but contrariwise, the South is the credit grantor of the North<sup>16</sup>.”

The energy supply of Germany in the year 2050 can be taken as an example to envision the necessary reduction. The report of the Wuppertal Institute states: “To reach a sustainable consumption level the energy consumption of Germany would have to be reduced by approximately 50 %.<sup>17</sup>” On all levels of our society we are therefore confronted with a very complex task, a task every single person has to help resolve by using their imagination to develop new behaviour patterns, economic and communication patterns. Nobody can be spared.<sup>18</sup> Probably we have to analyse and change all our patterns of

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14. Fair Future, *ibid.*, p. 69; compare Stefan Bringezu und Helmut Schütz, *Wie misst man die ökologische. Zukunftsfähigkeit einer Volkswirtschaft? Ein Beitrag der Stoffstrombilanzierung am Beispiel der*

15. *Ibid.*, p. 71.

16. *Ibid.*, p. 154.

17. *Ebd.*, Seite 170

18. Comp. Jochen Jäger / Martin Scheringer, *Warum trägt die Umweltforschung nicht stärker zur Lösung von Umweltproblemen bei? In: GAIA. Ökologische Perspektiven für Wissenschaft und Gesellschaft, München 1 / 2006, pp. 20 – 22; here p. 22: „Wenn ... Umweltprobleme allein durch technische Lösungen korrigiert werden sollen, kommt eine Dynamik in Gang, die zu immer neuen, oft unvorhergesehenen Problemen führt ('Technikfolgenspirale'). Ein Beispiel dafür sind die durch zunehmenden Verkehr ‚aufgefressenen‘ Effizienzgewinne im Motorenbau. Transl: If environmental problems are remedied by technical solutions only, we start a dynarnism that leads to multiple new and often*

behaviour we have grown so accustomed to. This applies to our domestic life as well as to operating and production processes and the purpose of research and science.

### **Facing up to Risks**

The aim to allow everybody a fair share of prosperity poses a highly complex task with no easy solutions. Nor can a solution simply be 'prescribed' by governments or other institutions. In the contrary: As everybody living in the industrial nations is affected, everybody has to be won over for the inevitable necessity of changing their attitudes and the beliefs they actually practise. That is, the –practised–beliefs manifest themselves in a life-style that represents a certain societal concept of self-worth, equality, justice and welfare. Our beliefs built upon the background of the prevailing societal cognition in a culture of diversity and competition cannot simply be discarded. They are closely linked with a certain concept of risks and how to cope with them. In other words: Contrary to the presently prevailing patterns of behaviour, we have to think about the risks we have to deal with in the context of the overstraining of the biosphere's capacity and the exploitation of the developing countries by the industrial nations of the North. In a sociological respect, risks are but a danger provoked by our own action.

Now, this danger we provoke by our action can appear in two forms: On the one hand, we may know there are risks involved for the purpose of a desired, if not universal aim and we accept this deliberately if there is no alternative posing a lesser risk. Yet, this danger may very well be unknown, which is quite often the case. In other words, every move we make following a certain purpose includes potentially harmful side-effects; either, we know them, calculate with them or accept them considering them to be the lesser peril, or they are completely unknown to begin with and show their harmful side effects later. Here, economists speak of so-called 'couple-products'. Meanwhile, we have come to know sufficient formerly unidentified 'couple-products', example: The damaging effects of CFCs.

We should develop a new awareness when dealing with risks and dangers. As we are finite and limited beings, all our actions are affected

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unanticipated problems(Technology spiral). An example are the efficiency profits in engine constructions, which are completely swallowed by the increasing traffic.

by ignorance. To evade the traps looming in our paths, we have to learn a new method to tackle our ignorance, i.e. in important issues, we have to practise rational determination processes by tapping the full potential of all conceivable possibilities. In view of the overstraining of the biosphere capacity and the increasing poverty and hunger in the world, the decision to keep a certain lifestyle must not be justified unless aims and purposes are carefully considered. The overall perspective and the quest for fair prosperity have to be included in our personal perception of the risks for our own lifestyle.

As we have to realise this against the prevailing hardened structures, the virtue of ‘confident inconsequence’ – a divine virtue it seems to me – might come to our aid. People may start practising confident inconsequence by various activities. For example consider the 50 commandments David Robinson propagates in his book “Change the World for a Fiver”. 50 modern commandments are collected in this booklet and at first sight they seem too simple to be taken seriously. They are suggestions for everybody to act environmental-friendly in the course of our daily life and to make our personal interactions pleasanter. The first activity says: “Refrain from using plastic bags as often as possible. And we learn that in Germany, 5.3 billion bags are used annually and each one needs up to 500 years to decompose<sup>19</sup>.”

As emphasised before, every single one of us – being economic subjects – is challenged to contribute to the preservation of the biosphere capacity. While consumers should get used to choosing products that e.g. have as low an energy input as possible, producers, corporations, retailer et cetera have to take up the responsibility of offering these products. For example, reducing drastically the energy consumption of cars is an urgent need of the time.

### **‘The Top-Runner-Approach’**

Japan’s top-runner-approach to climate protection showed that alternatives are possible and that you can even do excellent business

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19 Andrea Bachstein, Eine Londoner Initiative und ihr Bestseller mit den 50 Geboten: „Wirf den Kaugummi indie Tonne“. Die Welt lernt lächeln. Einfach mal vernünftig sein und Gutes tun – Wieso ein Buch mit simplen Ratschlägen Banker, Bäcker und ein paar hunderttausend andere begeistert, in: Süddeutsche Zeitung, 15.3.2006, Nr. 62, p. 3.



that way. The top-runner-approach, introduced in 1998 by the Japanese Department of Trade and Industry (METI) as part of an amendment of the energy reduction law from 1979, was at first not embraced by the industry. Meanwhile, the contrary is the case. The top runner not only proved to be an effective instrument to reduce green house gas emissions, but also provided lesser production costs and contributed to the development of innovations to improve the energy efficiency. Both the reduction of production costs due to energy efficiency and on top of that the innovations to increase energy efficiency yielded competition advantages on the world market.

How does the top runner model work? The top runner approach appoints as 'top runner' the most energy efficient average of sold products by one manufacturer within one product category at the time of the base year. All other manufacturers of products within this product range have to reach a given efficiency value by a certain target year. A product category is divided in different product groups to take into account the different sizes, weight or special devices of the individual products. The target year is assessed according to the average life span of the products within the respective product category. A precondition of this calculation, however, is that the sales figures remain the same between base and target year. This approach also provides an imposition of sanctions. If a manufacturer fails to reach the top runner value of the respective product group by the target year, METI sends a warning at first. Further non-compliance leads to the publication of the manufacturer's name and the instruction to take steps to increase the efficiency. If the manufacturer still does not comply with these instructions, he is threatened with a fine and finally with the ban of his products on the Japanese market<sup>20</sup>. Easy symbols inform the consumers whether a product e.g. a car, meets the requirements or not or whether a product's energy efficiency is above-average. This way, the transparency of a purchase is guaranteed and also easily recognisable for the consumer.

## **Ethics and Ecology**

If it comes to mobilising the economic players for a sustainable

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20 Heike Schröder, *Der japanische Ansatz im Klimaschutz. Ein Erfolgsmodell aus Asien*, in: *Ökologisches Wirtschaften*, 3-4/2004, pp. 22 ff. zivilgesellschaftlichen Institutionen, in: Matthias Eichhorn, Edt., *Alles, was ist, ist Recht*, Frankfurt 2001, pp. 239-257.

economy, a group of ethical-ecological oriented investors as civil-societal group has to be pointed out.<sup>21</sup>

Ecology and Ethics are frequently mentioned in the context of capital investments. At the moment, ethic funds are springing up like mushrooms. Obviously, the number of ethically oriented private and institutional investors has increased so much that banks and financial institutes discover a market they would like to participate in. Along with good offers, problematic bonds too enter the market, embellished by ethical terminology. A closer inspection on the basis of the criteria of natural, social and cultural sustainability quickly reveals them as cases of false labelling. The project group “Ethical-Ecological Rating” in Frankfurt therefore developed a theory-supported set of criteria that operates with three dimensions of values, that is cultural, social and natural sustainability. This set of criteria was published as Frankfurt-Hohenheimer guidelines;<sup>22</sup> then, the project group – together with the oekom research AG, a competent rating agency - remodelled the guideline into the concept of ‘Corporate Responsibility Rating’, which today administers more than 60 funds with a total volume of more than 3 billion Euros. Taking into account of the fact that in the year 2000, there were only 12 funds in the German speaking area, one can perceive the strong upturn of ethical-ecological investments and their considerable growth. It also becomes evident that even small steps taken in seemingly hopeless situations finally pay off and can be shaped into a considerable ‘power of action’.<sup>23</sup>

## Sustainable Development

The term sustainable development gives a concise description for present and future challenges. The main task is to pave the way so that human beings will be able to thrive on this planet, or as stated in the Brundtland-Report, to meet the needs of the present without

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21. Johannes Hoffmann, Zivilgesellschaftliche Gegensteuerung im Kontext von Globalisierung mit kompetenten
  22. Johannes Hoffmann, Konrad Ott, Gerhard Scherhorn, Hrsg., Ethische Kriterien zur Bewertung von Unternehmen. Frankfurt-Hohenheimer Leitfaden, Frankfurt (IKO-Verlag) 1997
  23. Vgl. Johannes Hoffmann, Doppelte Dividende – Bewusstseinsbildung für ethische Geldanlagen, in Thomas Klosterkamp, Norbert Lohfink, Edt., Wohin du auch gehst. Festschrift für Franz-Josef Stendebach OMI, Stuttgart 2005, pp.225 - 255.

compromising the ability of future generations to meet their own needs. What does this mean in the context of investments? Sustainable investments cannot focus on profit maximization alone, they also have to contribute to the future of mankind in terms of ecological and social-cultural challenges.

How to apply this definition for financial investments is a broadly discussed topic for asset managers with regard to the many implications on future developments. Many tend to think that investments are sufficiently sustainable if they comply with the particular ideas the investor has about social, ethical or environmental concerns. To provide a deeper and broader definition about sustainable investments the project "Ethical-Ecological Rating" initiated an expert workshop of the Corporate Responsibility Interface Centre, an association of ethically oriented investors. The workshop's theme was: 'Definition and understanding of sustainable investments'.

Experts from several sectors, banks, investors, and other participants with economic or social background attended the workshop. The result is the "Darmstadt Definition of Sustainable Investments", documented below:

Sustainable investments contribute to a sustainable development. This is facilitated by a comprehensive analysis of the underlying investments. This analysis takes into account economic and social performance, restrictions on nature, and development in society.

**From an economic perspective** sustainable investments require that:

- Ø profits are accrued on the basis of long-term production and investment strategies instead of short-term profit maximization,
- Ø profits from investments are responsibly related to the actual increase of economic value in real terms,
- Ø the fulfilment of basic needs (e.g. water supply) is not threatened, and
- Ø profits are not based on corruption.

**From an ecological perspective** sustainable investments require that profit making is consistent with:

- Ø an increase of resource productivity
- Ø investment in renewable resources

- Ø the recycling and reuse of used material and substances, and
- Ø the workability of global and local ecological systems (e.g. rain forests, oceans, etc)

**From a social and cultural perspective** sustainable investments require that profit making is consistent with:

- Ø the development of human capital (responsibility for employment, education and up-grading, support of self-governing workers, compatibility with family and jobs, respect for a person's individuality),
- Ø the development of social capital (creation of opportunities for gainful employment, fair balance between generations, treatment of minorities without discrimination, functioning regions, commitment towards responsible corporate citizenship), and
- Ø the development of cultural capital (respect and empowerment for cultural diversity encompassing the protection of personal civil rights and liberties and societal integrity).

Sustainable investments predominantly contribute to a sustainable development by applying the "best-in-class principle." According to this principle, the preferred investments outperform within one category (e.g. country, sector) in terms of the underlying sustainability criteria. This approach strengthens the competition between enterprises or countries in order to improve the environmental and social performance.

The criteria for sustainable investment decisions are applicable to the following types of investments:

- o Shares/stocks
- o bonds (corporate bonds)
- o property funds
- o closed funds
- o direct investments (such as wind energy parks, solar energy installations)
- o certificates
- o indices<sup>24</sup>

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24 Klaus Gabriel, *Indices of Sustainability, The Assessment of Companies Against Social and Ecological Criteria and the Appraisal of the Market for Sustainable Capital Investment from the Viewpoint of Providers of sustainability Indices*, Frankfurt/London 2005



The contribution of sustainable investments to a sustainable development results primarily from the application of the 'best-of-class-principle'. According to this principle, within one category (e.g. countries or branches of industry) those investment objects are always given priority that comply best with the sustainability criteria. This approach supports the competition towards more natural and social sustainability in countries or corporations. It is very important that ethically oriented investors invest in funds and corporations listed on the stock exchange and also in countries, that – in consideration of excluding criteria and a best-in-class rating - can be called sustainable in a thorough sense. Corresponding funds will use their power on the market to stimulate corporations and countries to proceed on the path of sustainability and close all loopholes for externalisations. Sustainability funds are an alternative and may also be a certain counterbalance to a 'financial market capitalism'<sup>25</sup> – as Paul Windolf calls it in his anthology of the same title - that is only interested in multiplying the Shareholder Value and increasing the return on capital and is able to destroy very big corporations due to powerful pension funds.

On the other hand, in the interest of sustainability, ethically oriented investors should also support small and medium-sized companies with sufficient accrual of funds, as they provide 60% of all places of employment. Besides, innovations that generate low costs but produce high effects often start from here. Numerous examples verify this. I would like to mention one example that was recently covered by the media. "Clever ones from Germany and Denmark" want to contribute to alleviating the drinking water shortage "with simple technology". The report says: "In the future, a blue plastic tube resembling a small flute could save many lives in crisis areas. Instead of installing large filters, people will drink water through drinking tubes that already contain all necessary filters. With this, a Danish company gave the saying "to clutch at straws" a whole new meaning: The "Life-Straw", which will be put on the market these days, is supposed to provide his owner with clean water for a whole year – and this for only 3, 50

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25 Quoted after: Ralf Grötter, *Das neue Spiel. Die Sache mit dem Shareholder Value: Wo er herkommt. Und wo er hinführt.* In: *brabdeins. Wirtschaftsmagazin. Kapitalismus heute: Mehr Geld als Verstand, Schwerpunkt: Kapital*, 8. Jahrgang Heft 03 März 2006, pp. 73 – 79, here: p. 73

Euros.<sup>26</sup> The same report mentions another example: The German electrical engineer Wolfgang Vitt developed a different, yet simple, technical device in his spare time. According to his method, dirtied water runs through a tube of quartz crystal and passes ultraviolet rays on its way. As the water is exposed to the rays it is cleaned... Even with low-powered ultraviolet lights, the germs in the water, such as *E coli* or legionnaires, will be killed. By adding ozone it is also possible to remove drug residue from the water. Meanwhile, Vitt owns his own small company. The small blue cylinders already provide clean water for more than 400,000 people in developing countries. "In India, e.g., the investment expenses for sterilization plants are only 10 cents per capita", says Vitt.<sup>27</sup>

The decisive factor for improving the means of subsistence in developing countries is the support of micro-credit financial institutions like the Pro-Credit-Bank in Frankfurt; this bank provides loans for small and medium-sized companies in Eastern Europe, in the Balkans, in Africa, South America and Middle America. The same service is provided by the "Community Banks" in Africa, some of which are managed by the NGOs or the Churches. This way, people get employed and markets of subsistence in rural areas are provided for, thereby a contribution to a sustainable market economy is made.

Against this background, politicians too should assume duty to support sustainability. That means the players of politics, economy and market, and, society and culture should be critically observed as to their respective contribution. One might think of the following approaches (not exhaustive, though):

### *In the field of politics*

It would be very important to create a framework for the support of economical, ecological, social, and cultural sustainability. This includes the abolition of the capitalistic expansion privilege and the preference of monopolies, the creation of fair market conditions, the support of intra-generational and inter-generational justice as well as intercultural fairness with unlimited market access for all countries and the execution of climate protection treaties.

26 Quoted after: Höchster Kreisblatt, Tüftelei, die Hoffnung macht. Die Erfindung eines GTZ-Mitarbeiters soll dem Trinkwassermangel begegnen, 22. 3. 06, p. 23.

27 Ibid.

In the interest of the support of sustainable financial investments politicians should be prompted to lobby for the implementation of the following measures:

- Ø public relations about the added value of sustainable financial investments should be enhanced
- Ø duty to inform about the implementation of sustainable investment criteria for all forms of investments,
- Ø request corporations to include sustainability reports in their statement of account in reference to their operative business and financial investments,
- Ø duty of sustainable financial investments for government bonds,
- Ø improved framework to support productive capital (small and medium-sized companies that are committed to sustainable business),
- Ø support of organisations for the enhancement and transparency of criteria, methods and products of sustainable investments,
- Ø support of free bulletin boards via Internet,
- Ø establishment of further training-opportunities for the financial service sector,
- Ø creation of respective additional qualifications, e.g. sustainability business economist,
- Ø creation of flexible incentive systems to support sustainable investments.

Sadly, in our market economy we have systematically become accustomed to excluding consequent ethical goals from our decisions; doubtlessly and comprehensively –from sciences to competition laws-induced by externalising competition. If some managers think that only by externalising expenses, e.g. by laying off employees, can they increase the return on their equity capital, then we will surely soon reach the end of the blind alley we are heading for. Thank God there are companies and corporations that, having recognised this danger, practise an orientation towards biospheric, intra-generational and inter-generational as well as intercultural justice as adequate interaction of risk and sustainability management. It is scandalous and a failure on the market that, by practising business in a sustainable manner, one has to compete against a framework that privileges externalising

competition. It is about time that in the national as well as the international competition laws, externalising competition is substituted by a sustainability-oriented competition, as this is a deciding barrier that has to be overcome if we opt for a sustainable economy.<sup>28</sup>

If our competition laws were changed to that effect that they provided the framework for sustainable competition, all of a sudden there would be no more unemployment and poverty due to externalising competition; even the core business of banks would no longer revolve around the multiplication of money in its own right, but would primarily be oriented towards ecological, social and cultural values. In annual reports, integrated balancing would be considered self-evident, a balance that contains not only economical data, but – on an equal level of importance – data about the ecological, social and cultural performance.<sup>29</sup> What holds true for the meso - and macro-level of the economy, also applies to the micro-level and the conduct of all economic subjects.

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- 28 Comp. Gerhard Scherhorn, Markt und Wettbewerb unter dem Nachhaltigkeitsziel, in: Zeitschrift für Umweltpolitik & Umweltrecht. Beiträge zur rechts-, wirtschafts- und sozialwissenschaftlichen Umweltforschung, Heft 2, Frankfurt (Deutscher Verlag GmbH) 2005, pp.135 - 154.
- 29 Comp. Irene Schöne und Johannes Hoffmann, Integrierte Bilanzierung statt Jahresabschluss und Umweltbericht. Den unternehmerischen Erfolg neu definieren, in: politische Ökologie 99, 24.Jg., März 2006, pp.70 ff.



# **Information Technology and Ethical Auditing**

**Anthony Sebastian**

Dr Anthony Sebastian, lecturer in the Department of Christian Studies, tells us that amongst the various incredible developments India is witnessing, the revolution in Information Technology has far-reaching implications for the life of individuals and of the country as a whole. IT has become a great boon for humanity, but at the same time it is faced with various ethical questions. In spite of the numerous ethical declarations and recommendations, still there is a lacuna to address these ethical issues. This article attempts to probe these issues and comes out with a solution which suggests 'ethical audit' as a viable means.

## **Introduction**

The Stellar performance of India's information technology sector has been acclaimed worldwide. Although India's success in IT is widely attributed to its human capital, it is not clear whether this has also been accompanied by industry-wide ethical performance. Today's situation calls for an exploration on ethical behaviour of firms in the IT sector. Though substantial efforts have been made by the government and universal agencies in implementing various policy measures, insights, recommendation and putting strong emphasis on ethical accountability, there has been a systemic failure to promote the emergence of networks of ethical culture. The above mentioned policies, insights, projects and recommendations remain as ethical declarations rather than ethical implementations. Hence, this brings to the fore a need to evaluate this systemic failure and to unearth a technique for directing the IT industry to check and to promote the continuous ethical performance.

The first section examines the present position and economic performance of India's information technology sector. The second

section presents the necessity of 'ethical audit', to assist the IT industry to ensure that all its actions are commensurate with the values, and enable it to put in place to support the operationalisation of the values. And finally, the third section explores the possibilities of how 'ethical audit' can help IT industry in particular and other companies in general, in competing more effectively at an international level.

### **I : Differing Perceptions on the Actual Situation**

The software and services sector of India posted an impressive average yearly growth of 42 per cent from 1995-96 to 2004-05. The Indian software and services sector in particular, which today employs more than a million software professionals, has boomed from a mere US dollar 12 million in the 1980s to a whopping US dollar 17 billion in 2004-05<sup>1</sup>.

India's software services industry not only recorded high growth rates but has also undergone some movement up the value chain, from code writing and software testing activities to system integration, project management, high-end consulting and packaged software exports. Effectively, India's software mix is a balance between on-site and off-shore software services<sup>2</sup>. It is said that the industry has perfected the global delivery model. The software and services sector is traditionally composed of customized software, largely driven by legacy applications management, maintenance, development of small applications and enhancement for existing systems, migrations of client-server systems and customer application development segment<sup>3</sup>.

The ITES<sup>4</sup> and BPO<sup>5</sup> sector is the fastest growing segment within the software services sector. Within five years since its emergence in 1999-2000, its size grew to almost 10 times from US dollar 565

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1 Cf. NASSCOM, Reserve Bank of India Annual Report 2003-04 and 2004-05.

2 Narayana, Murthy N R, "Making India Significant IT Player in this Millennium" in Romila Thapar (ed.), *India: Another Millennium*, New Delhi: Viking, Penguin Books, 2000.

3 Schwabe, R, "Software Industry Entry Strategies for developing Countries: A "Walking on Two Legs" Proposition", *World Development*, 20 (2), 1992, pp 143-64.

4 ITES – IT enabled services

5 BPO – Business Process Outsourcing

million in 1999-2000 to US dollar 5.2 billion in 2004-05<sup>6</sup>. Within ITES service lines, customer care and finance have been the fastest growing segments. In terms of outsourcing of IT services, proficiency in the English language provides a comparative advantage to India vis-à-vis those of competitors such as China and Mexico. At present, India's BPO has captured 44 per cent of total worldwide outsourcing<sup>7</sup>.

Presently, India's software and services sectors are oriented towards western countries, primarily the US. Around 62.7 per cent of India's IT service revenues are realized from the North American market alone<sup>8</sup>. In North America and Western Europe, Indian software has been servicing significantly the banking, insurance, financial services, manufacturing, communications and media and government sectors.

A study by Nasscom and Mckinsey on Indian IT strategies estimates that India can become an important global player in IT and can reach a revenue between US dollar 57-65 billion by 2008 – a manifold increase from US dollar 4 billion in 1999-2000, from which IT services will take US dollar 28-30 billion, ITES and BPO US dollar 21-24 billion and product and technology services US dollar 8-11 billion<sup>9</sup>. Presently, India has evidently become a destination of choice not only for low-end work like ITES/BPO but also high-end development work like application design and implementation. More and more global companies are opting for offshore outsourcing combined with technological competence with lower cost, flexibility, quality and efficiency.

Indian companies have emerged as the most competitive suppliers of a large number of computer software in the world<sup>10</sup>. Its services is now known to have resulted from a combination of abundant human resource endowments, linkages to the main export market, good timing

6 Cf. NASSCOM, Reserve Bank of India Annual Report 2003-04 and 2004-05.

7 Ibid.

8 Cf. Arora, A and Suma Athreye, "The Software Industry and India's Economic Development", Discussion Paper No 2001/20, UNU/WIDER.

9 Cf. NASSCOM, Reserve Bank of India Annual Report 2003-04 and 2004-05.

10 Chandrasekhar, S and K P Basvarajappa, "Technological Innovation and Economic Development: choices and Challenges for India", *Economic and Political Weekly*, August 25, 2001

of the basic facilities of infrastructure for communication and trading by the government<sup>11</sup>. Moreover, government policies in building local technological capability, promoting enterprise level technological effort and ethical declarations have met with success on a number of fronts. These include building up one of the largest stock of scientific and technical manpower/personnel power in the world. Indian talent has been widely sought by the IT industry worldwide.

Having browsed through IT sectors economic performance, it is good to look at it in total. India's success in the IT sector has evolved three kinds of views on information technology. The first group holds that just as agricultural societies were totally transformed by the industrial revolution, so industrial societies will be altered from top to bottom by the Information Revolution. It is claimed that IT will bring high productivity, material abundance, the elimination of repetitive jobs and more time for the creative use of leisure<sup>12</sup>.

The second group claim that IT augments the power of institutions that are already powerful. It increases the gaps between the information-rich and the information-poor. It provides a few high skilled jobs. The new methods of electronic surveillance and computerized personal dossiers facilitate the invasion of privacy and the emergence of the computer state. A handful of companies dominate the world computer market. American and European companies control, access the channels of international communications, resulting in new forms of cultural imperialism through the global media. A large fraction of computer findings and expertise is devoted to military goals<sup>13</sup>.

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11 Arora, A, V S Arunachalam, J Asundi and R Fernandes, "The Indian Software Industry", in *Research Policy*, 30, 2001, pp 1267-87. See also, Heeks, Richard. *India's Software Industry: State Policy, Liberalisation and Industrial Development*, New Delhi: Sage Publications, 1999.

12 Krishna, S, Abhoy K Ojha and Michael Barrett, "The Global Competitive Advantage of the Indian Software Industry" in C Averous and G Walsham (eds.), *Information Technology in Context: Studies from the Perspective of Developing Countries*, London: Ashgate, 2000. See also Kumar, Nagesh, "Developing Countries in International Division of Labour in Software and services Industries: Lessons from Indian Experience", Background Paper for World Employment report 2001, International Labour Organization, Geneva.

13 Ian Barbour, *Ethics in an Age of Technology*, London: SCM Press, 1992, p. 7



The third group insists that IT has immense potential to bring changes in the lives of people. The information society will be more egalitarian. Organizations will be less hierarchical; decision making will be decentralized among smaller units. Democracy will be enhanced by internet and multi channel interactive cable systems. Telecommunications will improve world-wide understanding in the 'global village'. The computer technology can bring interaction between differing management strategies, worker participation and political decisions<sup>14</sup>. But according to the third group, all this can happen provided if there is a two-way interaction between technology and ethics.

Most of the IT industries do not give required emphasis for this two-way interaction between technology and ethics. Both stand parallel. The egalitarian, democratic and decentralized decision making potential are there with IT, but they are not transparent and lack accountability. These principles needed to be carried out, as far as possible, with the consent and understanding of all concerned. All this depends upon the organizational values. Identifying organizational values – both proclaimed and actual – will assist an industry to ensure that all its actions are guided by the basic values, and enable it to put in place a structure to support the operationalisation of the values. This process of formulation of organizational values, measuring, and understanding, reporting, evaluating and ultimately improving an industry's ethical performance is called ethical auditing<sup>15</sup>.

## II : The Necessity of 'Ethical Auditing'

Ethical behaviour in business and designing programmes and declarations improve and perhaps formalize an ethical approach to decision making within industries are not entirely new. But is there a way to understand, measure, verify, evaluate, report on and to improve the above mentioned ethical behaviour or performance of the organization? .

The reasons for examining the state of an industry's ethics are many and various. They include social responsibility, external societal pressures, risk management, stakeholders' obligations, workers demands and identifying a baseline to measure future improvements<sup>16</sup>.

14 — *Ibid*, p 21

15 *Ibid* p.22

In some cases, industries are driven to it by a gross failure in ethics, which may have resulted in costly legal action or stricter government regulation. More often, however, IT companies choose to do it simply because it is right, it is important it is obligatory and because it is likely to bring business benefits.

Ethical Auditing is a process which measures the internal and external consistency of an organization's value base. The key points are that it is value-linked, and that it incorporates a stakeholder approach. Its objectives are two-fold; it is intended for accountability and transparency towards stakeholders, shareholders, workers, and society and it is intended for internal control, to meet the ethical objectives of the organization<sup>17</sup>.

The value of the ethical audit is that it enables the industry to see itself through a variety of lenses: it captures the industry's ethical profile. Companies recognize the importance of their financial profile for their investors, of their service profile for their customers, and of their profile as an employer for their current and potential employees. An ethical profile brings together all of the factors which affect a company's reputation, by examining the way in which it does business<sup>18</sup>.

By taking a picture of the value system at a given point in time, ethical auditing can

- clarify the actual values to which the firm operates
- provide a baseline by which to measure future improvement
- learn how to meet any societal expectations which are not currently met
- give stakeholders the opportunity to clarify their expectations of the firm's behaviour
- identify specific problem areas present in the firm.
- learn about those issues which motivate employees

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- 16 Duska, Ronald F and Duska, Brenda Shay. *Accounting ethics*. Malden, MA: Blackwell Pub, 2003, p. 277
- 17 Chadwick, Ruth F and Schroeder, Doris. *Applied ethics: critical concepts in philosophy*, London: Routledge; 2002.
- 18 Kaptein, Muel and Wempe, Johan Ferdinand Dietrich Bernardus. *The balanced company: a theory of corporate integrity*. Oxford, New York: Oxford University Press; 2002. p. 344

- identify general areas of vulnerability, particularly due to lack of openness<sup>19</sup>.

### III : The Possibilities and Benefits of Ethical Auditing

#### Consumer Power

Consumer power is increasingly being wielded to affect company behaviour. The boycott mechanism has long been a way of protesting politically; for many years, a significant number of consumers avoided buying South African produce. But now boycotts are called to protest against specific company actions: Nestle's sales suffered from the boycott protesting about their policy on selling baby milk in the third world, and Shell was forced to change its plans for disposal of the Brent Spar oil platform when German consumers stopped buying Shell petrol. A 1995 poll of 30,000 consumers in the UK showed that one in three had boycotted stores or products in the past because of concerns about ethical standards, and six in ten were prepared to boycott in the future. Coke and Pepsi had to face a setback due to the ethical standards in their products in India and Myanmar. KFC (Kentucky Fried Chicken) was not able to launch their products in India. Almost two in three are more concerned about ethical issues now than five years ago.

Pressure groups are growing more professional and more vociferous. Whereas in the past unethical behaviour by a company might have been kept quiet by skilled public relations people, there is now greater likelihood that someone within a company will alert the relevant pressure group (loyalty to employers being lessened, and concern for the public good being greater) and that the pressure group will succeed in generating significant publicity about the incident. One of the greatest benefits of the ethical audit is that it assists the company to scan the environment to identify the issues which are most likely to provoke action by pressure groups, and in turn gives the company the opportunity to encourage such groups to participate in the decision making process, or at the very least to inform them fully of the company's position<sup>20</sup>.

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- 19 Solomon, Robert C. *A better way to think about business: how personal integrity leads to corporate success*, New York: Oxford University Press; 1999. p. 145
- 20 Novak, Michael. *Business as a calling: work and the examined life*, New York: The Free Press; 1996. p. 246

In the move to total quality, suppliers become key stakeholders. The quality of components or raw materials used is crucial. Their timely delivery is crucial. Their reliability is crucial. The best suppliers want to develop long term relationships with customers whom they can trust to deal fairly with them and to pay on time<sup>21</sup>.

The picture which develops here is of a company at the centre of a network of relationships - relationships with employees, with customers, with shareholders, with society at large<sup>22</sup>. Each company may have other groups of people whom it considers to be key stakeholders - for example, a company with particular environmental concerns may consider future generations to be key stakeholders: other companies may see their retired employees as being important, while still others may have strong links with pressure groups and voluntary organisations.

Ethical audit enables companies to better comprehend these relationships. All relationships are based on values such as trust and an expectation of fairdealing. - Understanding these dynamics and finding out where expectations and perceptions differ gives a company a head start on maintaining strong and stable relationships.

### **The Conceptual Framework**

In contrast to social auditing which aims primarily at measuring the social impact of a company on its environment, the ethical audit from the outset is *value-linked*. It measures the "ethical climate" of a company by analysing the values on which the organisational actions are based and by testing the moral quality of these actions against values that should be taken into consideration.

Since someone's values form the basis of his or her ethical behaviour, aligning workforce values is important, if a company wants to behave ethically across the board. This requires openness about values and consistency between them. Furthermore, if a company wants to establish relationships with its stakeholders based on trust, stakeholders need to know the values that a company has committed

21 Donaldson, Thomas and Freeman, R. Edward. *Business as humanity*, New York: Oxford University Press; 1994.

22 Moran, Theodore H. *Beyond Sweatshops: Foreign direct investment and globalization in developing countries*. Washington, D.C: Brookings Institution Press; 2002. v, p. 196



itself to, in order to have confidence in what future actions the organisation will take. Therefore, the values that a company wants to incorporate must be made explicit, although it is no easy task to determine what the prevailing values in a company are and/or what they should be. In this sense, the ethical audit is *organisation-centred*, meaning that organisational values are to be found within the company at all levels instead of being inculcated from outside or by senior management alone<sup>23</sup>. In part, these values are connected with public opinion on matters such as respect, justice and responsibility and can, to some extent, be derived from the rights and interests of stakeholders, but the bottom-line is that the organisation must formulate its own set of basic values.

### Stakeholder Perspective

The objectives of the ethical audit are two-fold. On the one hand the audit is intended for accountability and transparency towards stakeholders; on the other hand the audit is intended for internal control in order to meet the ethical objectives of the organisation<sup>24</sup>. One of the aims of the ethical audit is to give a company the opportunity to track progress through the years and to find out where there is still some work to do with regard to the company's ethical objectives.

### Accountability and right to information

Accountability requires that stakeholders are provided with such information as they have a right to<sup>25</sup>. The rights to information are determined by (a) the social environment within which the relationship between the organisation and the stakeholder is set<sup>26</sup>; plus (b) the organisation's own decisions about which stakeholders particularly wish to recognise and emphasise. Thus, stakeholder groups do not have an absolute claim on businesses to provide them with information, because the extent to which a company is accountable to stakeholders depends on the particular social environment of the company, on the

- 23 Castro, Barry. *Business and society: a reader in the history, sociology, and ethics of business*. New York: Oxford University Press; 1996. x, p. 274
- 24 Chonko, Lawrence B. *Ethical decision making in marketing*, Thousand Oaks: SAGE Publications; 1995. xi, p. 315
- 25 Kaptein, Muel. *Ethics management: auditing and developing the ethical content of Organizations*. Dordrecht: London: Kluwer Academic; 1998. p. 228
- 26 Thus current legal standards would represent a minimum basis for accountability.

company's conception of relevant stakeholders and on the social responsibility the company is willing to take for justifying its actions towards a particular stakeholder-group<sup>27</sup>. Therefore, stakeholders' right to information is in a large measure related to a positive duty that the company has committed *itself* to.

### Dialogue with Stakeholders

It is possible and justified to assign different weights to the interests of different stakeholder groups. Firstly, this is evident, because not all stakeholders are actually involved in the auditing process. For most companies, the *external* stakeholders which are included will be restricted to the minimum of: shareholders, customers, suppliers and the wider community, although one could think of many more groups that could be of importance to a specific organisation. The fact that the number of stakeholder-groups taken into consideration is limited, indicates that certain stakeholders are perceived as being more important than others. Secondly, stakeholder concerns will differ between groups. It is obvious that more important stakeholders will have greater influence on the company's actions and that in the case of conflicting concerns the interests of the stakeholder group with the most influence will prevail. Dialogue with stakeholders is carried out in the external ethical assessment process and in this process the interests of stakeholders are identified and balanced according to the weight the company assigns to each stakeholder group<sup>28</sup>.

### Ethical Bookkeeping

The objective of accountability towards stakeholders requires information about general issues such as product safety, the environment, employee relations, etc. An ethical bookkeeping system collects data systematically about the organisation's ethical behaviour, which is relevant for stakeholders. This process is most likely to include "hard" information, including for instance complaints of stakeholders, business accidents or fines for unethical behaviour<sup>29</sup>. A significant

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27 Phillips, Robert. *Stakeholder theory and organizational ethics*, San Francisco, CA: Berrett-Koehler; 2003. 200 p

28 *Ibid.*

29 Hornstein, Harvey A. *The haves and the have nots: the abuse of power and privilege in the workplace—and how to control it*, New York: Pearson Education; 2002. p. 180

quantity of this data will already be present in the organisation's "normal" accounting and management information systems (e.g. human resources information: number and level of female employees, payment ratios for employees of different ethnic origin, etc.). By collecting this kind of information, a company is in fact keeping some records on the social impact of its actions and policies and therefore we might consider this social accounting.

### Ethical Accounting

We use the term 'ethical accounting' to refer to the process in which data is gathered with regard to the organisational values. This will include looking at the information provided by the bookkeeping system and looking at the paper and ethics-related processes in the organisation, in order to lay bare the (explicit and implicit) value-system of the company through analysis. Value-linked corporate behaviour derived from bookkeeping records, will be tested against current guidelines and opinions on environmental issues, hiring/firing policies, etc. Furthermore, a *second moral opinion* will be developed on the documentation in the organisation, meaning that the "paper" will be reviewed to make values explicit, to test their consistency and to find moral gaps, if there are any. This also applies to value-linked processes in the company. A comprehensive check-list<sup>30</sup> is used to determine what behaviour the company values. This is done by looking at the formal and informal structures and processes in the organisation, using organisational development theories to underpin the findings<sup>31</sup>.

### Ethical Assessment

Since corporate ethical behaviour depends on the ethical behaviour of individuals, looking at the people in the organisation is essential for laying bare organisational values. In the internal ethical assessment process the prevailing values of employees are examined through interviews, surveys, questionnaires etc. The outcomes are then related to the value system of the company, revealed by the accounting process. By doing this the *ethics gap*<sup>32</sup> is identified, as well as

30 With regard to lines of communication, reward systems, chain of command, etc

31 Clarke, Frank L; Dean, G. W. and Oliver, K. G. *Corporate collapse: accounting, regulatory, and ethical failure*, 2nd ed. New York: Cambridge University Press: 2003. p.412

conflicting interests within the organisation and values that are inconsistent with each other<sup>33</sup>. But internal ethical assessment is not only concerned with uncovering prevailing values, it also looks at what the organisational values should be. Since the purpose of internal auditing is to measure the compliance of facts with norms, these norms - being the values the company wants to incorporate - must be clear. This might be the case as a result of an earlier participative process (written down in a values statement or not), but it is important that this is an on-going process in order to make sure that the company perseveres with these values. So, internal ethical assessment is also concerned with internal audits. This is done by *listening* to employees<sup>34</sup>. Workshops and small group discussions will further raise ethical awareness and can be an important tool for building consensus.

### External Validation

Since accountability is one of the objectives of the ethical audit, the results of the process which are relevant for stakeholders should be disclosed to them. By using focus groups, stakeholders can then provide important feedback, which automatically sets the audit results in a wider context<sup>35</sup>. Focus group discussions should be about general issues, backed up with information provided by the bookkeeping system, as well as about the underlying values of the company's actions. This is done in the external ethical assessment process in which the organisational set of values is tested against the opinions of relevant stakeholders. Feedback is absolutely necessary for a company that wants to promote organisational learning and the results of the ethical audit exercise (including the findings from the internal audits) should also be reported to all employees, simply because this is the right thing to do<sup>36</sup>. As a result the company as a whole will be able to set goals for further improvement in ethical behaviour.

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32 Different Perceptions on the Company's Ethics.

33 Gilbert, Daniel R. *Ethics through corporate strategy*, New York: Oxford University Press; 1996. p.165

34 The original meaning of the word *audit* being derived from the Latin word *Audire* = to listen

35 Vallance, Elizabeth. *Business ethics at work*, New York: Cambridge University Press; 1995. xi, p.191

36 *Ibid.*



## Action Plan

So, the ethical audit will result in the identification of (actual) organisational values on the one hand, and in a general direction as to how the company wants to develop its value system on the other. The findings will therefore need to be translated into action planning for the following year. If the ethical audit is performed every year or every other year, a company should be able to track its progress based upon the baseline information provided by the different elements of the ethical audit<sup>37</sup>. Hence, the ethical audit provides a snapshot of the ethical behaviour of a company, but at the same time ethical bookkeeping, ethical accounting, internal and external ethical assessment, external validation and the resulting action planning can *influence* organisational values and thus corporate ethical behaviour.

## The Comprehensive and Integral Approach

It is important to note that ethical auditing is a comprehensive and integral approach: *integral*, because it combines different approaches with different methodologies; and *comprehensive*, because it takes the entire organisation (including its environment) into consideration with all the different perspectives that prevail in different functional areas<sup>38</sup>. The latter especially finds expression in the ethical assessment process. The fact that values and policies are discussed will make sure that they are looked at from different angles, taking various fields of interest into consideration. It is particularly critical that values are checked for economic viability as well, to balance social and ethical aspirations, because ethical policies which are not based upon solid business economic grounds will not endure very long. It is essential that the social mission and the economic mission of a company go hand in hand.

## International Business

International companies face special issues in relation to ethical auditing. It is, though, precisely these special issues which can make ethical auditing so valuable to multinationals. Executives of such

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- 37 Rosenthal, Sandra B. and Buchholz, Rogene A. *Rethinking business ethics: a pragmatic approach*, New York: Oxford University Press; 1999. p.204
  - 38 Gardner, Howard, Mihaly Csikszent, and Damon, William. *Good work: when excellence and ethics meet*, New York: Basic Books; 2001. xii, p.288

companies are well aware of the added complications which operating across a number of cultures brings. But problems tend to multiply when differing value-bases are permitted to take hold within different cultures<sup>39</sup>. For example, a company, which had differing environmental standards decades ago in different continents, has to adopt today the same standards in every continent in an era of acute global consciousness of the interdependence of the world eco-system.

One of the issues which most concerns multinationals is that of corruption - how to do business in countries where backhanders are expected in the common course of events. This, perhaps, more than any other, is an area where executives might like to set themselves the publicity test - how would I feel if my behaviour were headlined in my city's local newspaper? How would I feel if my family knew about it?

Working practices and human rights are other major areas of concern. Some companies make a principled withdrawal from countries where they could otherwise manufacture profitably and some companies withdrew from South Africa, because they would not cooperate with apartheid; others believed that they could set an example and give opportunities to black people they would not otherwise have had. Protest from outraged consumers may force companies manufacturing in India or Thailand to sack the underage children they were previously employing as machinists<sup>40</sup>.

Companies alone cannot right all the evils of society. Many of the decisions they have to take have no ideally right or ideally good answer. What matters is that they should have a clearly thought-out framework of values, and that these values should be consistent wherever they operate. An international company must test its values across all its areas of operation, if it wants the findings of its ethical audit to be comprehensive and provide the greatest payback in terms of identifying potential areas of vulnerability to consumer pressure.

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39 Hooker, John. *Working across cultures*, Stanford: Stanford Business Books; 2003. p.406

40 Larson, Andrea and Freeman, R. Edward. *Women's studies and business ethics: toward a new conversation*, New York: Oxford University Press; 1997. xii, p. 196

## Conclusion

The findings of this kind of ethical audit give a snapshot, a view at a particular point in time, of the company's ethics. In the case of a first audit, they will necessarily be of less value for comparison purposes than future audits, but they ought to give a clear picture of both values and vulnerabilities. An audit report is a factual document. Obviously it reaches a judgement, but it is not intended to be judgmental, in the sense of condemning a company for moral failure. The assumption of ethical audit is that any company, which commissioned an ethical audit, is concerned about its moral standing and therefore intends to take action, where necessary, if moral failings become apparent. This is a stance, which is praiseworthy and should be supported. The report's findings will give the company the knowledge necessary to take appropriate action. In this respect, the ethical audit is very far removed from the original social audits, which were carried out on companies in the 1960s. These were undertaken by outsiders critical of company behaviour, who were seeking ammunition to bring external pressure on the company to change.

Ethical audit will have benefits like enhanced corporate reputation, making the company fraud resistant, and improving staff morale and motivation. The ethical audit will also include particular benefits for international companies, but it could also be of great value in take-over and merger situations, especially ones which involve partners from different countries where there may be conflicting value systems.

The technology of ethical auditing is still in its infancy. The ethical audit is one of the most exciting developments in management in decades - and that it is not simply another fad. Values are the basis of all organisational behaviour, and focusing on values will enable management to create an organisation, which is excellent in every possible sense.

# **‘Auditing’ *Utilitarianism***

## **From a Subaltern Perspective**

**Gnana Patrick**

Gnana Patrick, a lecturer in the Department of Christian Studies, University of Madras, attempts in this essay to make an ‘auditing’ on the ethical principle of *Utilitarianism*. He does so from a subaltern perspective. He explores into some of the positive and negative impacts of the theory. He concludes finally to say that humanity, especially those that live in subaltern conditions, need a much more holistic ethical vision and theory to support their life and emancipatory praxis.

### **1. Introduction**

Global modernity of the contemporary era has impacted upon every aspect of human living, including that of ethics.<sup>1</sup> Traditional ethics, with its metaphysical functions, is giving way to the emergence of a performing ethics.<sup>2</sup> An ethics that contributes to areas of life other than the ethical field, or, ‘proves’ its credibility in and through its practical applicability engages the public today. While discourses on normative ethics are gradually taking a back seat, concerns on applied ethics are coming to the forefront. Applicability obtains as the anchor of credulity in the present era.

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1 There are those who argue that the present global modernity, known variously as postmodernity, supermodernity, late modernity, etc. is doing away with ethics, especially the foundations of ethics. I think it not true. It is not doing away with ethics, but transforming the field of ethics. It is akin to the transformations taking place in the field of religions due to the impact of global modernity.

2 For the distinction between function and performance, kindly see Peter Beyer, *Religion and Globalisation*,



Against this background, 'ethical auditing' has emerged as an exercise that is increasingly becoming widespread among organisations, companies, and corporate houses. Similar to the existing practice of auditing economic accounts, the performances of corporate houses are also audited on the basis of their objectives, goals, targets, etc. They are audited 'ethically' in terms of their responsibility to the larger society, whose members get addressed as the 'stakeholders'. 'Whether a factory behaves responsibly to the society by observing the rules related to environmental pollution' is an example of the question ethical auditing would be raising. Such ethical auditing is becoming so prevalent in several western and eastern countries that the Governments require the corporate houses to get audit statements from competent auditing agencies in order to be allowed to run.

While such a practice audits the corporate houses and organisation, the present essay attempts to make an 'auditing' on one of the ethical principles, namely, *Utilitarianism* that has been in vogue for more than two centuries all over the world starting with the European context. This attempt is being made from a subaltern perspective. What are the 'achievements' this principle has brought about to a subaltern human being? What are the limitations the principle is presenting to some of the vital agenda, like the questions of agency, autonomy, emancipation, etc., of the subalterns? - are some of the important questions of the essay.

## 2. Utilitarianism

### 2.1. Stating the Principle

*Utilitarianism* is an ethical principle, which holds that it is the 'greatest happiness of the greatest number' that is the measure of right and wrong. Known also as the 'happiness principle' or 'felicity principle', it assesses the ethical validity of an action, basing on its utility. Jeremy Bentham (1748-1832), considered to be the founder of this principle, explains utility in the following manner:

By utility is meant that property in any object, whereby it tends to produce benefit, advantage, pleasure, good or happiness, (all this in the present case comes to the same thing) or what comes again to the same thing to prevent the happening of mischief, pain, evil, or unhappiness to the party whose interest is considered: if that party be the community in general, then the

happiness of the community: if a particular individual, then the happiness of that individual.<sup>3</sup>

In recent times, on account of the emphasis this principle lays on assessing the moral validity of an action on the basis of its *consequences*, it is also known under the label of *consequentialism*.<sup>4</sup>

## 2.2. Some General Characteristics

*Utilitarianism* shaped itself up at the height of the modern era. It embodies, therefore, such features of modernity as rationality, cause-effect reasoning, liberalism, individualism, sense of equality, etc. Well-being of an individual is at the heart of this theory, and social well-being becomes a necessary element for achieving individual well-being.

As a modern theory, it has a positivistic outlook. With a great measure of confidence on empirical verifiability, it proposes imperially to quantify human experiences and assess their ethical validity.

It has a horizontal focus. A traditional ethical theory usually carries a vertical scheme of reality, beginning with supernatural realm of reality and reaching down to human reality, in a manner of deducing truth. But, this modern ethical theory exists within the human reality for its origin and validation.

It is a teleological theory, in the sense that it speaks more about what 'ought' to produce happiness, rather than what in fact produces happiness. The happiness of the greatest number becomes the end towards which moral principles are to be geared. And, the end obtains a validity of justifying the means too.

## 3. On the Credit Side

### 3.1. A 'Progressive' Theory

Some of the traditional ethical positions, such as the deontological ones, go with a certain 'moral conservatism'. By moral conservatism is meant a moral demand placed on the performance of an action in an absolute sense, no matter what the consequence of the particular

3 Jeremy Bentham, "The Principle of Utility", in Peter Singer (ed), *Ethics*. New York: OUP, 1994, p. 306.

4 The classical theory of *Utilitarianism* has branched off into several sub theories, the mention or treatment of which is not within the scope of the present essay.

action is. According to Kai Nielsen, moral conservatism means “a normative ethical theory which maintains that there is a privileged moral principle or cluster of moral principles, prescribing determinate actions, with which it would always be wrong not to act in accordance no matter what the consequences.”<sup>5</sup> Thus, some of the traditional ethical positions or moral theological positions require their followers to act categorically on certain principles, without worrying about the consequences of the action.

These categorical demands, with a temptation for universalisation, went with a certain moral ‘tyranny’, so to say. And when such tyrannies became the prerogatives of the aristocratic or feudal elites of the society, it meant deploying these principles at the service of maintaining their social domination. In the Indian context, the principle of *niskamakarma* is the best example for such moral conservatism. While the observance of it served the interests of the higher castes better, it did not augur well for the well-being of the subaltern masses when they carried out the actions as god-given duties. Certain obscurantism always attended such traditional theories. Against such implications of the conservative ethical positions, *Utilitarianism* that requires an actor to go by the consequences, presents itself to be a progressive theory. The progressiveness lies in the fact that there is nothing being imposed from outside onto an actor. There is no moral imposer, guarantor, guardian, etc. The individual actor is free to become responsible for the action she/he undertakes.

Moreover, the quest for the well-being of the individual, which is at the heart of *Utilitarianism*, gives it a rational motivational force for its development during the modern era. As T. M. Scanlon puts it, the “philosophical *Utilitarianism* is a plausible view partly because the facts which it identifies as fundamental to morality - facts about individual well-being - have obvious motivational force.”<sup>6</sup> He continues his argument thus: “Claims about individual well-being are one class

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5 Kai Nielsen, “Against Moral Conservatism,” in Louis P. Pojman, *Ethical Theory - Classical and Contemporary Readings*, California: Wadsworth Publishing Company, p. 181.

6 T. M. Scanlon, “Contractualism and *Utilitarianism*”, in *Utilitarianism and Beyond*, edited by Amartya Sen and Bernard Williams, Cambridge: Cambridge University Press, 1982, p. 115.

of valid starting points for moral argument. But many people find it much harder to see how there could be any other, independent starting points. Substantive moral requirements independent of individual well-being strike people as intuitionist in an objectionable sense.”<sup>7</sup> The clarity of the goal of an action, i.e. the individual well-being, makes it much more plausible to pursue.

### 3.2. ‘Each One Counts for One’

‘Each should count for one, and no one more than one’ is an *utilitarian* dictum stated by John Stuart Mill, an important theoretician of *Utilitarianism*. No person (particularly a monarch or an aristocrat or a modern political leader) should be given greater importance than another human being. This dictum carries the force of the enlightenment values of equality and individual rights. Viewed against a feudal background, the dictum looks radically progressive. Because, feudalism stifles an individual within its strangle hold. It leaves an extremely restricted space for the blossoming of the individual. In such a feudal condition, the scheme of hierarchy of persons was imposed as a matter of common sense, and aristocrats assumed a dominant position very naturally. Discriminating against the lower ones and dominating over the individuals was the order of the day. In such a context, a theory that spoke for an egalitarian space for individuals made a progressive contribution to the development of the human person.

Seen from the subaltern perspective, especially from the Indian context, this principle offers a breathing space for the individual who lives in a subordinated condition of life. It offers a corrective to the discriminatory caste hierarchy that oppresses the individual. By emphasising the aspects of individuality and equality, it inspires the subaltern individual to become assertive and emboldened. It rationalises the public sphere and opens a respectful space for the subaltern individual. It also enables the subaltern person to become socio-politically and economically active, because his/her merit is assessed not on the basis of fulfilment of his/her traditional roles, which are usually ascriptive, but on the basis of a rational action which will contribute to the increase of one’s happiness. These positive

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7 Ibid., p. 108.



aspects are not merely hypothetical. They are to be found in the lives of those subaltern individuals who have developed themselves in and through the modern facilities of education and employment opportunities.

### 3.3. *Simplicity of the Principle*

Bernard Williams, a theoretician who reflects on *Utilitarianism*, has this to say about the simplicity of this principle: "a common element in *Utilitarianism*'s showing in all these respects, I think, is its great simple-mindedness... *Utilitarianism*, both in theory and practice, is alarmingly good at combining technical complexity with simple-mindedness... Simple-mindedness consists in having too few thoughts and feelings to match the world as it really is."<sup>8</sup> Seen against the existence of those theories, which were highly abstract and even obscurantist, *Utilitarianism* offered an understandable and practical ethical theory. One did not need to consult an expert for understanding this theory. It may well be surmised that its simplicity clubbed with certain rationality appeals to a subaltern individual.

Uniformity is another characteristic that enhances the simplicity of *Utilitarianism*. It has one, uniformly stated moral dictum to be applied to all situations, to all issues, and to all ranks of persons. And, its consistently stated moral prescription promises to solve all the dilemmas and guides humanity through moral ambiguities and crises. As noted by Amartya Sen and Bernard Williams, "In promising to resolve all moral issues by relying on one uniform ultimate criterion, *Utilitarianism* has appeared to be 'rational' moral theory *par excellence*."<sup>9</sup>

### 3.4. *Decentralising the Practise of Virtue*

In a traditional society, the ethical principles were formulated and presented to the society with a universal sweep and categorical imperative. They were meant to apply to all sections of the people, irrespective of their status, class, race, caste, etc. All categories of

8 Bernard Williams, "Against *Utilitarianism*", in Louis P. Pojman, *Ethical Theory - Classical and Contemporary Readings*, California: Wadsworth Publishing Company, 1989, pp. 196-197.

9 Amartya Sen and Bernard Williams (eds.), *Utilitarianism and Beyond*, Cambridge: Cambridge University Press, 1982, p. 16.

people living in a particular society, who lived within the ambit of the ethical principle, were expected to follow those ethical principles.

However, in a manner of auditing, if we took stock of the way the practice of the principle existed, it always existed among the elite section of that particular society. At least it was given out that the elites were practising the moral principles rigorously. In the Indian context, *dharma* was an all-pervading ethical principle. It was propagated through *Puranas*, myths, legends, etc. and the whole population living in India were expected to practise it. But, in an actual reckoning, it was hushed or whispered in the ears of the society that only the elite *could* practise those *dharma*s. It was the case not only in the Indian society, but in the western society too. Right from the days of the Greek classical thought, the philosophers considered the propertied class of people only to be capable of practising any virtue. It is revealing to see what Aristotle thought in this matter. "Aristotle thought that having 'external' goods, wealth, was a condition of leading a virtuous life; a person who was poverty-stricken for most of his or her life, could not practice virtue. Slaves who didn't have wealth of their own and weren't free to choose their activities, their 'life-style', couldn't lead a virtuous life."<sup>10</sup> Such projections, i.e. that the lowly could not practise virtues and only the elites could do so, had their won social functions. Perhaps, as Pierre Bourdieu would argue, the ethical principles were the types of symbolic capital that the elite worked with in a traditional society in order to perpetuate their hegemony.

In a sociological assessment, it may well be said that the modern theory of *Utilitarianism* has not produced such an 'enclave of the privileged' whose prerogative it is to practice the *utilitarian* ethics. On a rational basis, anyone, the poor and the rich, the literate and illiterate, are called upon or motivated to practise it. And the theory does not have any obscurantist mystery, which would be unintelligible to those who were not initiated. I am aware that the *utilitarian* theorist John Stuart Mill spoke about the hierarchy of happiness. For example, he said the intellectual and cultural happiness was superior to the physical. But this hierarchisation of happiness has not produced

10 Gerald J. Williams, *A Short Introduction to Ethics*, New York: University Press of America Inc., 1999, p. 80.

a division between the class of the elite and of the lowly. It was possible for all the classes to pursue the superior forms of happiness. Thus, a decentralisation or democratisation of the practise of virtues has been initiated by the theory of *Utilitarianism*.

### 3.5. Modern Form of Altruism

Altruism, a human behaviour of caring for the needs and happiness of other people than one's own, has existed in several forms down through the centuries. More often than not, altruistic behaviours have taken place between individuals, in personal circumstances. Such altruistic acts have also been extolled in literatures, adding certain mystery to such forms of behaviours.

*Utilitarianism* offers an alternative form of altruism. It is modern in its outlook, and social in its reach. The rational basis it offered made it a modern ethics, and the social utility it cared for made it a socially altruistic theory. An individual person was given the opportunity to rationally judge his/her ethical behaviours, and called upon to sacrifice his/her immediate needs in view of the social maximisation of happiness. This made it a modern form of altruism. And, these rational aspects became applicable in such areas of life as politics, society, etc. As noted by John C. Harsanyi, the *utilitarian* theory "fought for reason against mere tradition, dogmatism, and vested interests. In politics, it conceived the revolutionary idea of judging existing social institutions by an impartial rational test, that of social utility... Likewise in ethics, it proposed to subject all accepted moral rules to tests of rationality and social utility."<sup>11</sup> Thus *utilitarianism* provided a modern form of altruism.

## 4. On the Debit Side

### 4.1. The Human As Subjected

'Human beings always remain subjected to the governance of two sovereign masters, pain and pleasure' - stated Jeremy Bentham in an imperial tone. The realisation of this subjection is, according to him, the foundation of the moral and legal system to be built upon the principle of utility. Let us listen to Bentham on this matter:

11 John C. Harsanyi, "Morality and the theory of rational behaviour", in Amartya Sen and Bernard Williams (eds.), *Utilitarianism and Beyond*, Cambridge: Cambridge University Press, 1982, p. 40.

Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do as well as what we shall do. On the one hand the standard of right and wrong, on the other the chain of cause and effect are linked to their throne. They govern us in all we do, in all we say, in all we think: every effort we can make to throw off their subjection will serve but to demonstrate and confirm it. In a word man may pretend to abjure their empire; but in reality he will remain subject to it all the while. The principle of utility recognizes this subjection, and assumes it for the foundation of that system the object of which is to rear the fabric of felicity by the hand of reason and law. Systems which attempt to question it, deal in sounds instead of sense, in caprice instead of reason, in darkness instead of light.<sup>12</sup>

This is a deterministic view of the human, which has serious limitations. It treats the human basically as one that remains in subjection, subjected to the instinctual masters of pleasure and pain. This vision, which embodies a particular social psychology, does not contribute to the increase of the well-being or the general happiness of a subaltern human person. The well-being of the subaltern person depends indispensably on a basic belief on the creative human elements that can liberate the individual from the different forms of subjugation. For a subaltern, life remains not in subjection, but in the very struggle for the overthrow of the multiple forms of subjection. Thus, the *Utilitarian* view has a serious limitation.

#### 4.2. *The Human as the Site of Utility*

*Utilitarianism* treats the human as the site for certain utilities. From outside utilities, the humans have no value for the *utilitarians*. Going by the 'use value', the human person is treated as an object, like any other object. Amartya Sen and Bernard Williams have, in this connection, made a forthright observation which goes as: "Essentially, *Utilitarianism* sees persons as locations of their respective utilities - as the site at which such activities as desiring and having pleasure and pain take place. Once note has been taken of the

12 Jeremy Bentham, "On the Principle of Utility", *An Introduction to the Principles of Morals and Legislation*, Philip E. Davis (ed), *Introduction to Moral Philosophy*, Ohio: Charles E. Merrill Publishing Company, p. 96.



person's utility, *Utilitarianism* has no further direct interest in any information about him... Persons do not count as individuals in this any more than individual petrol tanks do in the analysis of the national consumption of petroleum."<sup>13</sup>

This *utilitarian* view lacks a holistic vision, and denudes the human of its multi-dimensional potentialities. That human beings have such aspects of life as aims, goals, agency, liberative aspirations, aesthetic joy, etc do not count for *Utilitarianism*. It "regards them as worthless in themselves and valuable only to the extent of their effects on utility. They are not any more important than what happens to be caught in the impersonal metric of utility."<sup>14</sup>

Any action has worth only in so far as it contributes to the happiness of the greatest number, and therefore no action has any intrinsic value. It means that no action is worth pursuing for its own sake. It has serious implications for some of our wholesome values that the human race still cherishes. For example, an action of charity may go unjustified on the basis of *Utilitarianism*. Similarly actions for justice will not have any ultimate foundation in the scheme of *Utilitarianism*. It would evaluate even a work of art on the basis of its utility. Bentham is reported to have said that "as long as the quantity of pleasure at stake is the same, pushpin (a children's game played with stick pins) is as good as poetry."<sup>15</sup> This manner of understanding impoverishes the human. Subaltern reality of life needs a vision of the dignity of the human person, so that the subaltern self too may be counted as a vantage point from which the happiness principle could be assessed.

### 4.3. Whose Utility?

Universalising theories have come into sharp attack from postmodern theorists. In the first place, these universalising theories, or meta-narratives, suffer from an epistemological defect of the metaphysics of comprehension, which places the reality on a

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13 Amartya Sen and Bernard Williams, "Introduction: *Utilitarianism* and beyond," in *Utilitarianism and Beyond*, edited by Amartya Sen and Bernard Williams. Cambridge: Cambridge University Press, 1982, p. 4.

14 Ibid., pp. 5-6.

15 Gerald J. Williams, *A Short Introduction to Ethics*, New York: University of America, 1999, p. 32

procrustean bed and treat all differences under a particular sameness. This has been the bane of Western thought. As Levinas noted, "western philosophy has most often been an ontology: a reduction of the other to the same by interposition of a middle and neutral term that ensures the comprehension of being."<sup>16</sup>

*Utilitarianism* is one such meta-narrative or universal comprehension, which stands seriously challenged by those who have suffered subordination in history. It needs to answer a fundamental question as to whose 'utility' has this theory spoken about? Yes, it speaks about the utility of any human being, and presents itself to be applicable to any human being or any human situation across space and time. But in point of fact, it has suffered from the defect of comprehension, which any universalising theory suffers. Compounded with the epistemological defect, this principle has operated in history to serve the interests or happiness of those that subordinated the people and not that of the subordinated. Jeremy Bentham and John Stuart Mill, both of whom wrote and expatiated the theory from the vantage point of governance, remained convinced that this theory would take care of the happiness of all. It was a time when the British colonial expansion was in its full swing. As theorists, these men would have thought to apply the *utilitarian* principle to any human being, whether the colonial or the colonised. However, whether the theory applied to everyone in its operationalising is a serious question. If the colonists were to go by the happiness principle, whose happiness they ultimately thought of is a question that remains to be answered.

This is one question from the colonial context. Some of the subaltern theorists who have incorporated the insights of postmodern theory have deconstructed the meta-narratives, and have laid bare the hegemonic agenda inherent in them. Thus we have feminist, Dalit, Tribal, and other critiques who have deconstructed the metanarratives, that have been constructed from the vantage point of the subordinators. Similarly *Utilitarianism* too faces the challenge of deconstruction from the subaltern perspective. Subaltern life-reality is conditioned

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16 As cited in Robert Eaglestone, "Postmodernism and Ethics against the metaphysics of Comprehension", in *The Cambridge Companion to Postmodernism*, edited by Steven Connor, Cambridge University, 2004, p. 186.

by sub-ordination. We have lived through historical phases of domination, which have oppressed, exploited, and manipulated the subordinated classes of people. In such situations, an *utilitarian* will face a serious problem: From whose point of view will an *utilitarian* assess the greatest happiness of the greatest people. If he begins to count from the point of view of those who subordinate, then s/he is blindfolded to the reality of subordination, glosses over the reality of oppression, and begins to come up with an account of happiness.

#### 4.4. Location of Well-being: Community or Individual?

The *Utilitarian* conception of community is quite mechanic. Bentham says, "the community is a fictitious *body*, composed of the individual persons who are considered as constituting as it were its *members*. The interest of the community then is, what? - the sum of the interests of the several members who compose it."<sup>17</sup> A 'comprehension' that brutally saps the community of its liveliness, dynamism, creativity, unpredictability, spontaneity, and the innumerable human attributes which go with a community! It treats the community as an aggregate of the individuals. In such a treatment, the interest of the individual gets an *a priori* precedence over the community. It comes clearly in Bentham's words, which say that, "it is vain to talk of the interest of the community, without understanding what is the interest of the individual."<sup>18</sup> And he continues, "a thing is said to promote the interest, or to be *for* the interest, of an individual, when it tends to add to the sum total of his pleasures: or, what comes to the same thing, to diminish the sum total of his pains."<sup>19</sup> Accordingly, the sum total of the interests of the individuals who constitute a community, becomes, in a mechanic manner, the interest of the community. It is too mechanical a vision of the community.

One gets a different picture of a community in a subaltern life-context. Here the individual *lives* in a community, rather than serves as a cog that *adds up* a community-machine. The community, as Felix Wilfred observes, "is a moral entity and it cannot be reduced to

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17 Bentham, "The Principle of Utility", in Peter Singer (ed), *Ethics*, New York: OUP, 1994, p. 307.

18 Ibid.

19 Ibid.

a sum total of abstract individuals.”<sup>20</sup> The social relations operative in a community becomes essential ingredients in the constitution of an individual. Marx had a point when he said that, “the real nature of man is the totality of social relations.” This may sound as a sociological reductionism, but it shows the significance of a community in the making up of an individual person. The role played by the community, especially in the making of a subaltern person is enormously great. The subaltern individual constitutes herself/himself as a person in a social relation that overthrows the systems of oppression that exist in a society. It may then be objected to by some that it is the community that oppresses a subaltern individual. It is never a community that oppresses, but those that seek their own self-interest in an exploitative manner oppress the co-individuals. The subaltern individual becomes conscious of the oppression s/he undergoes and undertakes a project of emancipation, while others accommodate themselves to oppression. The subaltern individual, thus, locates his/her well-being essentially within the well-being of the community.

#### 4.5. *A Lacuna in Theorising on Minorities*

One of the major criticisms that can be levelled against *Utilitarianism* is that the very theory as well as its operationalisation considers the happiness of the ‘greatest number’, and therefore, it, *per se* focuses on the happiness of the majority. If the happiness principle is pursued from the point of view of the majorities, where is the grounding for the happiness of the minorities? Some of the *utilitarians* suggest (those that suggest ‘positive *Utilitarianism*’) that the pursuit of happiness for oneself cannot come about unless the happiness of the other is fulfilled. By implication, they would like to say that a majoritarian happiness will not sustain itself unless the minorities are satisfied. And, therefore they would opine that the mere operation of majoritarian policy would take care of minority welfare. However, a welfare that accrues by implication is still a secondary welfare that depends perpetually on the majority. Thus the theory and its operation leave a serious lacuna for theorising on minorities.

Proponents of the theory could non-problematically think in terms of the majority because, the majority that they imagined was a

20 Ibid., p. 14.



homogenous social, cultural and political entity. As Felix Wilfred, a perceptive observer, notices, “the classical Western liberal thought imagined nations as made up of a single homogenous cultural group. This is true of James Locke, John Stuart Mill, Rousseau and many others. The legacy of this thought which did not allow room for any multiplicity of groups and cultures still lingers on, with serious consequences for peace and justice.”<sup>21</sup>

This western pattern of thinking manifests itself in *Utilitarianism* too, and, leaves a lacuna in legal and political thought regarding the way well-being configures on the basis of minority or sub-group identities or communities. Communities are the very manners in which the individuals in a minority community have their well-being defined for themselves. Some could argue that a liberal theory like *Utilitarianism* rests on the premise that if every individual pursues this ethical principle, then it would take care of the well-being of the community too. But here the problem comes to be that it considers community as an aggregate of individuals and not as an entity in its own autonomy.

Some critics reject *Utilitarianism* on the basis that it seems to be incompatible with human rights. For example, if slavery or torture is beneficial for the population as a whole, it could theoretically be justified by *Utilitarianism*. *Utilitarian* theory thus seems to overlook the rights of minority groups. It might also ignore the rights of the majority. A man might achieve such pure ecstasy from killing 100 people so that his positive utility outweighs the negative utility of the 100 people he murdered.

#### 4.6. *Emancipation-Liberation as Peripheral Question*

While arguing for diversity of goals or goods that human beings seek, Charles Taylor draws our attention to the goal of liberation present among the human beings as a valid good to seek after. He speaks elaborately on this goal as engaging the human ethical concerns. This would mean, according to him, sensing the kind of domination a victim undergoes and becoming capable of freeing oneself from physical as well as mental obstacles so as to become self-directive human individual. It would do well to listen to him:

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21 Felix Wilfred, “Minorities in the Age of Globalisation”, in *Jeevadhara*, Vol. XXXIV, No. 199, 2004, p. 2.

A very different (*different from Utilitarianism*), yet historically related, modern view centres around the goal of liberation. This sees the dignity of human beings as consisting in their directing their own lives, in their deciding for themselves the conditions of their own existence, as against falling prey to the domination of others, or to impersonal natural or social mechanisms, which they fail to understand, and therefore cannot control or transform. The inner obstacles to this are ignorance, or lack of courage, or falsely self-depreciatory images of the self; but these are connected with external obstacles in many variants of modern liberation theory. This is particularly so of the last: self-depreciating images are seen as inculcated by others who benefit from the structures of domination in which subject groups are encased."<sup>22</sup>

Charles Taylor argues forcefully that a concern such as liberation - liberation from even self-depreciatory images of self imposed by those who dominate is an engaging or meaningful goal human beings seek after. Therefore, it is not just the maximisation of utility alone, but other qualitatively different goals which can fulfil human beings. Such concerns of liberation or emancipation, which are intimately associated with a subaltern existence, get peripheralised in the discourse of *Utilitarian* ethics.

Again, in Bentham's scheme of *Utilitarianism*, reduction or elimination of inequality does not have much priority, though he appreciated its value. He gave a place for it provided the deprived ones perceived it to be a need for increasing their happiness. It would imply that in such situations where the victims did not 'feel the need' of reducing inequality, as per *Utilitarianism*, it would not make any difference in human existence. Eradication of inequality is valuable only in so far as it satisfied the happiness principle. It does not, for instance, think of the necessity to conscientise a victim, if the latter did not by herself/himself *perceive* the necessity. No external intervention for the sake of even increasing the happiness is appreciated in the scheme of *Utilitarianism*.

But, the Indian subaltern reality bears witness to a different account of history. It has received enkindling from external sources and has

embarked upon the project of emancipation. What comes to mind as examples are the modern education and the western modernity which have come from outside and have enkindled the subaltern aspirations for social justice, dignity, and emancipation. Therefore, when an agent does not realise the necessity of something that would enhance his/her happiness, it is not enough to leave him/her in that state of reality and calculate happiness as utilitarianism would have us do. It is an essential necessity for subaltern existence to increasingly become aware of the obstacles and be motivated to overthrow them.

#### 4.7. *Agency unsupported*

*Utilitarianism* is comfortable with what is known as 'negative responsibility'. It is the responsibility for happenings what a person allows to happen or fail to prevent. It is a passive responsibility, which goes with the ethical mood of consequentialism, wherein responsibility is valued on the basis of the degree of happiness a particular action has produced or diminished. As noted by Bernard Williams:

"...consequentialism attaches values ultimately to states of affairs, and its concern is with what states of affairs the world contains, that it essentially involves the notion of *negative responsibility*: that if I am ever responsible for anything, then I must be just as much responsible for things that I allow or fail to prevent, as I am for things that I myself, in the more everyday restricted sense, bring about... The strong doctrine of negative responsibility flows directly from consequentialism's assignment of ultimate value to states of affairs."<sup>23</sup>

This doctrine and mood of negative responsibility comes as a serious hurdle for a subaltern project of emancipation. This does not recognise the role of agency in a person's life. Human agency that involves human beings into actions, plans, projects, etc is an important aspect of human well-being. Agency is an important creative aspect of subalternity. It opens the creative urges of human potentialities. Bernard William indicts *Utilitarianism* for not being sensitive to this aspect of agency present in human life. In his words, "*Utilitarianism*

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23 Bernard Williams, "Against *Utilitarianism*", in Louis P. Pojman, *Ethical Theory - Classical and Contemporary Readings*, California: Wadsworth Publishing Company, 1989, p. 189.



would do well ... acknowledge the evident fact that among the things that make people happy is not only making other people happy, but being taken up or involved in any of a vast range of projects, or - if we waive the evangelical and moralising associations of the word - commitments. One can be committed to such things as a person, a cause, an institution, a career, one's own genius, or the pursuit of danger."<sup>24</sup>

"More specific to *Utilitarianism*, and closely related to its consequentialist structure, is the neglect of a person's *autonomy*" - say Amartya Sen and Bernard Williams. Autonomy, agency, equality, etc are relevant to *Utilitarianism* only in terms of their role in constituting the utility of the concerned party. To consider these things on account of anything else is being ipse-dixitist, i.e. being irrationally involved, - say the *Utilitarians*. But we do experience the fact that autonomy, agency, equality, etc are causes or things that involve human beings not merely for the purposes of utility, but they are the very manner in which people find meaning in their living. This applies in a special manner to people living in subaltern conditions of life.

#### 4.8. *Inadequacy of Quantitative Maximisation of Happiness*

*Utilitarianism*, an ethical principle born against the background of the emerging positivism, true to its climate, embodied an overconfidence of measuring the human happiness in quantitative terms. Proponents of this theory even came up with a *Utilitarian* calculus. This methodological emphasis was the result, so to say, of the positivistic triumphalism of the advancing modern era. Today, humanity has come a long way, and it does not exhibit a triumphalistic positivism to measure human experiences.

There are evidences today, manifest in different fields of life, which point to the fact that human beings seek not merely quantity, but quality of life. In the fields of social sciences, like anthropology and sociology, we find the coming into prominence of the qualitative approach to knowledge. This prominence highlights the importance the qualitative dimensions of human living are acquiring in the field of knowledge. It is a turn which takes place in the present era. This increasing engagement with the qualitative dimension of life bears witness to the

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24 Ibid., p. 194.



fact that human happiness does not go only by a quantitative maximisation of facilities. It is a case in point to note the findings of David Stutzer, who, in a study on the relation between well-being and increase of income has come with the following observation: It is estimated that for a person moving from the fourth to the fifth decile in the distribution of family income, subjective well-being rises by 0.11 (on a ten-point scale with 1 indicating the lowest and 10.0 the highest level of satisfaction). In contrast, moving from the ninth to the tenth decile increases subjective well-being by only 0.02.... Differences in income explain only a low proportion of the differences in happiness among persons.<sup>25</sup> Increase in income does not guarantee increase in subjective experience of well-being.

Finding the moral language and thinking as found in *Utilitarianism* very restrictive, Charles Taylor makes yet another point that the diversity of goods<sup>26</sup> that the human beings seek after are marked by a *qualitative contrast*, rather than a mere quantitative measurement. By qualitative contrast, Taylor means "the sense that one way of acting or living is higher than others, or in other cases that a certain way of living is debased ... Some ways of living and acting have a special status, they stand out above others; while, in certain cases, others are seen as despicable."<sup>27</sup> Some examples of such qualitative distinctions, according to Charles Taylor, are the quest for personal integrity, the Christian model of agape (as expressed in Mother Teresa, for example), the goal of liberation, etc. The recognition of this contrast, according to Taylor, is very essential for ethics. Otherwise, he cautions us that we would be "distorting the views if we tried to construe the difference between higher and lower as a mere difference

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25 Frey and Stutzer 2002, 409 - internet - David Croller.

26 Charles Taylor opines that "... we have been manoeuvred into a restrictive definition of ethics, which takes account of some of the goods we seek, e.g. utility, and universal respect for moral personality, while excluding others, viz. the virtues and goals..." (Charles Taylor, "The diversity of goods", in *Utilitarianism and Beyond*, edited by Amartya Sen and Bernard Williams, Cambridge: Cambridge University Press, 1982, p. 140). He says that "the plurality of goods ought to be evident in modern society, if we could set aside the blinkers that our reductive meta-ethics imposes on us." (p. 142)

27 Ibid., p. 135.

of degree in the attainment of some common good, as *utilitarian* theory would have us do. Integrity, charity, liberation, and the like stand out as worthy of pursuit in a special way, incommensurable with other goals we might have, such as the pursuit of wealth, or comfort, or the approval of those who surround us.”<sup>28</sup> This qualitative contrast gets obscured in the language of *Utilitarianism*. In his words, it is these “languages of qualitative contrast that get marginalized, or even expunged altogether, by the *utilitarian* or formalist reductions.”<sup>29</sup> All these above arguments point to the fact that quantitative measurement of human happiness or well-being is inadequate. It is inadequate in terms both of method and content.

## 5. Conclusion

We have taken a look at some of the salient ways by which *Utilitarianism* has been present and operative in the world. Viewed from the subaltern perspective, the ethical principle of utilitarianism can be found to have some positive contributions on the credit side. The modern element of rationality, egalitarianism, decentralised practice of virtues, etc are positive sides of the theory. However, we do find other elements as treating the humans as site for mere utility, not clarifying the question of whose utility the utilitarian theory is serving, peripheralising the issue of agency and the project of emancipation, inadequacy in measuring human happiness in mere quantitative terms are some of the difficulties Utilitarianism is facing in today’s context. We need ethical theories, which are more holistic and more motivating. As someone observed, utilitarianism is necessary, but not sufficient.

*Utilitarianism* attempts to construct a social space, which will be preoccupied with the present moment, in its width. The width dimension of *Utilitarianism*, as evident in its core dictum, “greatest happiness of the greatest numbers”, dwells on spatiality, which by implication lacks depth. It lacks the depth of history. It has thus brought about an amnesia of our past, of our traditions, of our moral foundations, social obligations, etc. It lacks commitment to values, and emancipatory projects.

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28 Ibid.

29 Ibid., pp. 132-133.

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